

Nations Built on Lies

How the US Became Rich

Volume 1



By

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Chapter 1 – Foreword, Prologue, Introduction

Foreword

From: James Bacque

Date: Saturday, Jan 5, 2019 9:13 PM

Dear Larry

Thanks for the information -- as you guessed I have encountered much of it myself already. I wish you good luck . . . Be as moderate as you can in expressing your very important findings. Remember that hardly anyone knows as much as you do and some of your findings are very upsetting.

All the best,

Jim

Prologue To Volume One

A Brief History of America That You Won't Learn in a University



One of the more popular historical myths embedded in the American consciousness by the propaganda machine relates to the migration of settlers to the New World, the narrative detailing how hundreds of thousands of the virtuous oppressed flocked to the dockyards in a headlong rush for freedom and opportunity. There may indeed have been five or six such persons, but a much larger group was there to escape the hangman and jailer and an even larger selection were slave traders, hookers, and budding capitalist scam artists looking for greener pastures. When we add in the vast numbers hoping to escape justified persecution for their perverted witches-brew versions of Christianity, the first Americans were hardly role models for a new nation. The evidence is more clearly on the side of criminals, losers and misfits, religious whackos and opportunists than on the mythical oppressed. And, for the record, there is no evidence whatever of settlers emigrating to America in search of either "freedom" or "opportunity", at least not within the current meaning of these words.

Good mental health was not a prerequisite for European settlers emigrating to the New World. We are fond of reminding ourselves that Australia was (and mostly still is) populated primarily with murderers, thieves and sexual perverts, but the immigrants to America were not noticeably better. Indeed, the inscription on the Statue of Liberty got the words more or less correct in referring to "the wretched refuse of your teeming shore". While the Australians had their serial killers and muggers, the Europeans went one better with their Christian extremists who spent their weekdays burning witches and killing

Indians, and their Sundays in church thanking God for the opportunity. The Australians have marginally improved their habits over the centuries while the Americans have not.

America is widely accepted, and indeed even prides itself, on being a deeply Christian country, with 65% or more of the population declaring religion important in their lives. This would be supported by history, since the major migrations to the New World consisted of a long list of flaky religious sects whose primary goal in emigration was the opportunity to build a society entirely based on those isolationist and extremist heresies. It is probably safe to say that Salem witchcraft was the seedbed in which the peculiarly American version of Christian theology sprouted and flourished, and which also served as a practical introduction to mass hysteria which would later be so usefully applied to the concepts of patriotism and democracy. The enduring echoes of this religious ancestry have been highly influential in all of subsequent American history.

The Preamble to the American Declaration of Independence ("The most famous words in the English language", if you're American; just another Hello Kitty greeting card, if you're not), states: **"We hold these Truths to be self-evident, that all White Men were created superior and are endowed by their Creator with certain inalienable Rights, the most important of which is slavery"**. In the recent history of the modern world, only two nations of people have so thoroughly embraced slavery as to have practiced it on an immense scale for hundreds of years: the Christians in America and the Dalai Lamas in Tibet. And only these two groups so cherished slavery in their hearts they fought a civil war over the right to maintain it. It is hardly a moral selling point that both sets of racist bigots lost the war and, **while Mao cleaned up Tibet, the racism and bigotry persisted in America, often violently, for another 200 years and is still widely in evidence today. Christian virtue does not die easily.**

Internationally, the American government and its leaders function with an absolute amorality, driven primarily by their commercial Darwinism, their law-of-the-jungle, might-makes-right philosophy. Yet individually most Americans accept all this as somehow being righteous and pleasing in the eyes of their god. **The vast network of torture prisons, the numerous governments overthrown, the countless brutal dictatorships installed and supported, the commercial and military enslavement of so many populations, the 10 to 20 million civilians massacred, the constant meddling in the internal affairs of other nations, the so-frequent destabilisation of governments, the plundering of the resources of so many nations.** All of these are excused, justified, forgiven, often praised, then quickly forgotten by these moral Christians. Americans may be comfortable with all this cognitive dissonance, but as Jiddu Krishnamurti aptly wrote, **"It is no measure of health to be well adjusted to a profoundly sick society"**.

Hypocrisy has always been a prominent, if not quite endearing, feature of Americans, and especially of their government. It is Americans who preach democracy and freedom at home while installing brutal puppet dictators all over the world, who preach free trade at home while practicing savage mercantilistic protectionism abroad. **It is Americans who espouse human rights at home while building the largest network of torture prisons in the history of the world.** And of course, preaching that human life is precious

at home while murdering millions in other nations in trumped-up wars of liberation. **It is only Americans who moan about "the appalling loss of 5,000 American lives" in Iraq while killing one million Iraqis, half of whom were children.** It is only the Americans who use the CIA, NED, USAID and the VOA to pay and prod individuals in other countries to create internal political dissent, then condemn a government for cracking down on "innocent dissidents". **Maybe one day Americans will lose their stomach for all this creation of worldwide instability and have another American revolution.** And not before time.

Most Americans are only dimly aware of their own sordid past, a situation abetted by all the blank pages in the history books. The portions of US history contained in these pages have mostly been excised from the historical memory of Americans because they don't fit the mythical narrative. Most Americans fervently believe their country was founded on God and Christian virtue, liberty, democracy, human rights and free trade, but when we dig beneath the propaganda and jingoism we discover the United States of America was founded on religious extremism, racism, slavery, genocide, a brutal imperialism and a virulently predatory strain of capitalism.

These volumes contain a capsule history of the United States of America with selections that will not be found in any history book, but that nevertheless consists of facts which are not in dispute. From here, we will look at some specifics, beginning with how America became rich. From this point forward, ideology and reality will be in constant conflict, presenting stark challenges to our uninformed beliefs.

Quiz on American History

- 01.Which US Secretary of State holds the World Record for being the most prolific baby-killer in recorded history?
- 02.Which US General holds the World Record as the greatest pathological mass killer in modern history?
- 03.Fidel Castro listed in the Guinness Book of Records as surviving 638 murder attempts by the US government. For what was he being punished?
- 04.The father of which recent US President conspired with a group of Jewish bankers and industrialists in 1933, engaging a famous General to amass an army of 500,000 troops to overthrow the US government and install a fascist dictatorship in America?
- 05.How many times has the US invaded Canada?
- 06.The US has been a nation for about 245 years. For how many of those years has the US been at war?
- 07.How many democracies has the US installed in other nations during its lifetime? How many brutal dictatorships has the US installed in other nations during its lifetime?

08. Japan conducted abominable human experimentation in China during WWII - Shiro Ishii's infamous Unit 731. Why was Japan spared war crimes trials?
09. How many Presidents, Prime Ministers and senior government officials of other countries has the US assassinated for disobedience or obstruction to hegemony?
10. Which country operates the only Torture University in the world?
11. For several hundred years, slave-trading was the highest-paying job in America. What was the second-highest-paying?
12. Which government for about 100 years paid a lifetime salary to any citizen who could steal patents and processes from other countries?
13. Which revered US Supreme Court justice recommended killing off all Americans of low IQ?
14. The government of which country for decades silenced political dissidents by performing frontal lobotomies and turning them into vegetables?
15. Which famous American institution recommended "mercy killings" of the economically unfit, these to be performed in local gas chambers?
16. Which American Defense Secretary gathered 500,000 young men with an average IQ of about 65 and sent them to Vietnam? How many returned? What was his punishment?
17. Which American Military physician appeared before Congress in what year, asking for \$10 million to fund the creation of the HIV virus? Did he receive the money?
18. When and where was Coca-Cola was invented?
19. Which famous person invented the incandescent light bulb? Which the telephone? The most famous American inventor was Thomas Edison. How many things did Edison invent?
20. We are told Germany killed some 6,000 Jews during WWII. How many Germans were killed in Germany AFTER the end of WWII?
21. Which famous physicist wrote to Roosevelt, offering to fund the entire unknown cost of creating the atomic bomb, stating the funds were already confirmed available?
22. Which famous US President was the illegitimate son of a Jewish slave trader?
23. Abraham Lincoln's wife was an inveterate opium addict. Who was her opium supplier?
24. In what year was slavery abolished in the US?
25. Which US President exposed tens of millions of US citizens to radiation from open-air atomic tests, then instructed medics to inform women experiencing leukemia, hair loss, miscarriages, that they were suffering from "housewife syndrome"?
- 26.** Which famous shoe did Nike design that set Phil Knight and Bill Bowerman on the road to fame and glory?

Answers

1. Madeleine Albright; Iraq, 500,000
2. Curtis LeMay; about 20 million, give or take
3. Expelling the Jews from Cuba
4. George Bush
5. Five so far
6. 235
7. Zero. More than 50, and counting
8. Ishii and his entire unit were transported to the US to teach Americans the pleasures of live vivisections and other atrocities. Ishii was a Professor at the University of Maryland until his death decades later.
9. More than 150, and counting (including Dag Hammarskjöld, Secretary-General of the UN)
10. The US of A; the "University of the Americas" in Fort Benning, Georgia
11. Killing Indians
12. The US of A. Amounts of \$20,000 to \$50,000, in the 1800s
13. Oliver Wendell Holmes
14. The US of A. (FBI)
15. Carnegie
16. Robert McNamara. Not many, but the Defense Dept. refuses to release statistics. Made President of the World Bank.
17. Dr. Donald MacArthur, Deputy Director, Research and Engineering, Department of Defense. 1969. Yes.
18. The Spanish town of Aiello de Malferito, 40 years before Coke stole the patent.
19. Joseph Swan, USA, five years before Edison stole the patent. Antonio Meucci, Italy, five years before Bell stole the patent. None. All Edison's patents were either stolen, bullied, extorted or purchased.
20. Between 12 million and 14 million; some by execution, the bulk by starvation.
21. Albert Einstein, funds offered by Rothschild and other European Jewish bankers.
22. Abraham Lincoln; the son of A. A. Springs(tein) and Nancy Hanks. Adopted by the Lincoln family.
23. A Jewish drug dealer named John Wilkes Booth.
24. Slavery was never abolished in the US. It just changed form.

25. Eisenhower

- 26.** The Japanese Onitsuka Tiger. Nike stole the design and began manufacturing in the US. American courts ruled Onitsuka and Nike could "share" the patent.

Introduction to the Series

David Edwards was quoted in the **Third World Traveler** as having written:

"Even open-minded people will often find themselves unable to take seriously the likes of Noam **Chomsky**, **Edward Herman**, **Howard Zinn** and **Susan George** on first encountering their work; it just does not seem possible that we could be so mistaken in what we believe. The individual may assume that these writers must be somehow joking, wildly over-stating the case, paranoid, or have some sort of axe to grind. We may actually become angry with them for telling us these terrible things about our society and insist that this simply 'can't be true'. It takes real effort to keep reading, to resist the reassuring messages of the mass media and be prepared to consider the evidence again."

This is the condition we face in dealing with America and Americans today: a blind faith and conviction based on a century of clever marketing and nationalistic propaganda that is almost inevitably contradicted by the facts. In truth, there is little about the US today that is not based on fabricated historical mythologies, buried history, biased presentations, facts twisted so badly as to be often unrecognisable. Probably 95% of what Americans 'know' about their nation, its history and its conduct in international affairs, is wrong, and often violently wrong. I am not so much concerned with what Americans believe about their own country, **but it is a concern that this enormous compendium of historical fiction has been marketed to the rest of the world as truth, with peoples in many other nations believing the same fairytales as do the Americans** and holding that nation in a level of regard that is to say the least undeserved, and often dangerous for the absence of truths.

These truths are the content of these books, the history of the US as it really was then and still is today, harsh provable truths and documented realities without the vast comforter of propaganda, jingoism, patriotism and misinformation that blankets the nation we know as the United States of America. Coincident with what is truly an almost incomprehensible volume of rose-tinted misinformation about the US is an equal volume of black-tinted information about the world outside the US. To the same extent that

Americans have been subjected to a century or more of positive and unforgivably false propaganda about their own nation, they have also been subjected to enormously false negative propaganda and misinformation about the world outside their borders.

This series of books was to a large extent an accident of circumstance which began with my extended stay in China and the almost immediate realisation that the voluminous negative flood about China persistently emanating from the Western Zionist media was entirely false; demonisation and propaganda at their worst, giving Americans wholly unrealistic and often vicious misinterpretations and misunderstandings about the realities of China. After viewing a decade or more of this onslaught, and after writing many series of articles in attempts to correct some of the more egregious falsehoods, it seemed a book might be a more appropriate format. **But then during ten years or more of historical research, it became apparent that Americans had been subjected to an even greater campaign of misinformation about their own nation than about China and other foreign countries.**

I then seemed faced with a two-fold task: to correct - in the eyes of Americans, and perhaps Westerners generally - some of the more glaring misinformation about China, but then to correct - in the eyes of Americans - the even more glaring misinformation about their own country. To further complicate the issues, it gradually became clear that the world outside the US had been so contaminated by American historical mythology, jingoism and propaganda that foreigners were largely living in the same fairyland, insofar as the realities of America were concerned, as were the Americans themselves. To add to the confusion, it eventually emerged that the US-based power of the media, of advertising, of propaganda and misinformation, had contaminated not only the American view of other nations but the views of the peoples within those nations - to the point where Russians or Chinese or Vietnamese had been excessively exposed (thanks in no small part to malignancies like the VOA and Radio Free Europe) to both the glorified but false images of the US and the comparatively derogatory but false images of their own nations that had been so heavily propagated by the American government and the Zionist media to their own people. One book thus became five.

These books are intended to provide only a summary of the related topics. Full volumes can, and have been, written on many of the topics in these chapters. We have seen many books on the CIA involvement in narcotics or in Tibet, volumes on the discrepancies in the official 9-11 narrative or the Bush regime torture prisons, others on the various failings of US democracy or the American educational system. But these individual offerings, useful as they are, treat the segments as essentially disparate and unrelated issues where in reality most of them are integral parts of a deeply-connected whole. My purpose in these volumes is to present a unified picture to enable readers to see the entire landscape as a single canvas and appreciate the inter-relationships of the parts. It is this unified image that will provide a comprehensive understanding of world events and the forces driving them.

Preface To Volume One



Almost every individual or family has what we call 'skeletons in the closet', a collection of perhaps embarrassing or even shameful events, regrettable actions, unsavory family members, sins we committed that we would rather not confess in public, things we do not dwell on and would prefer to forget, recognition not only of our imperfections but reflecting the reality that we not so much make mistakes as sometimes act with less than honorable motives.

Included in this category are lies that we tell. Many of these are what we call 'white lies', usually small avoidances of truth often done for convenience or even a good cause. No doubt all of us lie on occasion, but there are precious few of us for whom lies constitute the foundation of our lives, where we are in a real sense "living a lie". We occasionally encounter people who lie about their educational credentials or work history, sometimes greatly exaggerating their accomplishments, and in these instances the lies may serve as an important part of the foundation of a person's life, perhaps obtaining a highly-paid position based on entirely false credentials, a life that would in part disintegrate if all the truths were known. We find this sometimes with con artists, whose very existence seems built on a vast and intricate weaving of lies, with lives that would indeed disintegrate if the truths were made public. These latter people are, in some real sense, *"living a lie"*.

Moving from individuals to nations, there are a few countries in the world that fit this latter category, one being the United States of America - a nation and a people that are in every sense living a lie, with virtually the entire foundation of beliefs, of actions, of history, of

national pride, of citizenship, based on things that are not only not true but constitute an all-encompassing network of fabricated historical myths. This is not an idle claim, and is not an accusation that can be made against many other countries. I know of no place regarding the US where we can look and not find the landscape littered with falsehoods and supported by an enormous scaffolding of myths, half-truths, buried facts, boldly revised history, nationalistic propaganda and magnificent outright lies. It is true that most nations sugar-coat some parts of their history, **but the US is almost unique in the world in being a nation that is genuinely built - and almost entirely built - on a foundation of lies.**

With most other nations, if all their historical and political lies were fully exposed with all truths openly documented, they would still survive. But for Americans, the existential threat would be unbearable and I do not believe the US could survive as a nation if all its historical truths were unveiled and confirmed, in a manner by which Americans were compelled to confront them as fact, where denial was not an option.



1970: American POW L. Hughes (center), a lieutenant colonel in the U.S. Air Force, is paraded barefoot and with a bandaged face through the street by two Vietnamese soldiers during the Vietnam War, Vietnam. (Photo by Hulton Archive/Getty Images)[Source](#)

As two minor examples, **we have the now well-documented fact that the US government abandoned several thousand prisoners of war in Vietnam, men held back by the Vietnamese pending the American payment of the agreed war reparations of several billions of dollars.** The US government had no intention of paying the money and so walked away from the table, leaving the men behind. Many veterans attempted to bring this to public attention, even testifying before Congress; many had unshakable proof of their claims, but the government - and the media - ignored them until recently when all the factual details emerged in second-tier internet news sites and could no longer be avoided. A much greater existential threat lies in the truth of Pearl Harbor, where it is no longer a secret, except to Americans, that Roosevelt knew not only of the impending Japanese attack (which he had carefully and deliberately provoked), but that he knew precisely the location and course of the Japanese fleet and the date and time of the attack. Roosevelt and his aides held back this information from their own high-level military at Pearl Harbor, sacrificing those lives for the greater objective of a "justified" entry into both theaters of the Second World War.

I believe there are almost no Americans with the emotional capacity to face this brutal truth, either philosophically or emotionally, and yet similar evidence virtually floods the available information sources. I would repeat here **David Edwards'** words that "we will become angry with them for telling us these terrible things about our society and insist that this simply 'can't be true'." Yet these things have always been true about the American government. **It wasn't so long ago that declassified documents revealed Operation Northwoods, where the CIA proposed to shoot down a planeload of American college students and a US space shuttle launch, using those as justification to invade Cuba and remove Castro.** The US government has both proposed and executed dozens of these atrocities over the years, all hidden from the American mind and heart with the compliance of the media. **Pearl Harbor was by no means the worst of these, but few Americans will be able to deal with these truths of their nation.**

Many other events are perhaps less brutal but no less breathtaking in their dishonesty. All the tales of how the US became rich, the jingoistic mantras of ingenuity and innovation, of wealth resulting from freedom and democracy, hard work and fair play, are entirely false, and repugantly so. America became rich through a program of organised violence encompassing hundreds of years, through centuries of unpaid slave labor, military invasions, and the bullying and plundering of weaker nations. The propaganda of the benefits of American-style capitalism follows this same pattern, but Americans are fed this pulp from birth and no longer have the intelligence to see the truth. The US government statistics on items like inflation, unemployment, GDP and more, are the most misleading and dishonest of all nations today. The propaganda machine tells us otherwise, but one need only look at the facts. The US has for the last century been the largest perpetrator of espionage in the world, this activity provably including commercial espionage on a grand scale for more than a century, but the propaganda machine lays this accusation on other nations while claiming a desire to collect only information on terrorists. An enormous lie of a magnitude almost too large to comprehend or refute.

Thomas Edison, revered in American history books as one of the most prolific inventors of all time, never invented anything. The stories about him are fabricated historical myths, as are the cherished legends of the Wright Brothers making the first powered flight or Alexander Graham Bell inventing the telephone. Coca-Cola was a world-famous Spanish

product stolen and patented by US pharmacist John Pemberton, with the US government refusing to recognise the prior patents. Tales of American inventiveness and IP are almost 180 degrees from the truth, with solidly documented proof that the US stole more IP from more countries than did any other nation, by orders of magnitude, paying \$20,000 to \$50,000 to anyone who could accomplish such a theft, at a time when even \$20,000 was a lifetime salary for an average person. This pattern is consistent in every area and every field of endeavor in American society. The entire history of the US, as described in the history books and repeated incessantly by everyone from Hollywood to various Presidents, is almost all false, and the parts not false are almost always misrepresented. The nation of America and all of its people, are truly living a lie.

The entire thread of "Democracy" and "democratic values" is one of the greatest serial lies ever told. American history books, and American minds, are filled with tales of the US **"making the world safe for democracy" by battling tyranny everywhere and installing democratic governments, but this has never happened even one time.** While the propaganda machine was flooding the imaginary world with tales of democracies, the US was flooding the real world with brutal military dictators that would permit US multinationals and banks to pillage their countries. All the theory of the US' fabled democracy, the government by the people, the checks and balances, is false, with the truth in the open but Americans so indoctrinated nobody seems able to see. Furthermore, the US government has made it illegal to teach many of these truths in America's public schools.

All the propaganda of moral superiority, of concern for human rights, are, as we will see, lies in their entirety. **The US is not only not morally superior, but has the worst human rights record of all nations excepting one, in recent centuries.** Americans have many tales - almost all false - of other nations committing wartime atrocities while their own government and military were committing far worse and heavily censoring the media to prevent that knowledge from escaping custody. Almost no Americans know of the vast massacres committed by their military in the Philippines, Indonesia, Japan, Germany and Iraq. **Human rights atrocities began from the first days of the white settlers landing in North America, and have never ceased.** Ever since the US outsourced to other countries its human rights atrocities, it has boasted to the world of its moral righteousness in human rights leadership, but all was based on lies, deception and marketing. The world's only "torture university" - the infamous School of the Americas, the decades of cruel and even savage atrocities inflicted on so many of the world's nations, have been lost in the American propaganda of goodness.

The US heavily promotes its fictitious position as the world's policeman, but it has never once acted in such a capacity. No nation has ever been protected or defended from anything by the US, but many dozens have instead been ravaged and destroyed by this same imaginary angel of mercy. Everything about the US protecting any part of the world, is an outright lie. American heads are filled with tales of American goodness rescuing these populations from tyranny, but the hundreds of US military interventions have been undertaken to beat down indigenous populations who were rebelling against American imperialism, poverty and death. The US Congressional Record lists these interventions as "protecting American interests" without providing details on precisely what interests were being protected, by what means this "protection" was being inflicted and, most importantly, why America had any "interests" in those nations in the first place.

The US government has not only lied about every war and foreign military intervention, but has most often created false-flag events to accompany the lies and create fictitious justifications for belligerent action. The American entry to World War One was promoted by perhaps the greatest woven tapestry of lies ever created, thanks to **Lippman and Bernays**, a project that involved literally millions of lies told over a period of years, sufficient to brainwash an entire population into hating an innocent country. The promotion of World War Two was not better in any respect. The Americans have done this since the destruction of the warship Maine in Cuba's harbor more than a century ago, and have never ceased these enormous self-inflicted injuries. Lies used to justify more lies.

It is now well-known and not in dispute that US officials told more than 900 separate lies to justify the invasion and destruction of Iraq. The same is true with Libya, and with Syria today. The same is true of the destruction of Yugoslavia, another devastating military adventure based 100% on lies. All of the so-called "color revolutions" and other similar were not initiated to protect local populations from dictators but to punish unwilling nations for resisting the brutal American-style capitalism that was ravaging their shores. **Ukraine, Russia, China, Hong Kong, Taiwan, North Korea, Iran, Cuba, Brazil, Venezuela, Nicaragua**, and so many more nations have been **under attack by the US government simply for resisting colonisation**, but stillborn American minds believe they are God's representatives pressuring "the bad guys". Every part of American foreign policy and foreign involvement is covered with a carpet of lies, the media assisting in subversion and burying of the truths.

It would be useful to collect a catalogue of lies told by American presidents, Secretaries of State and other high officials, and publish these alongside the true facts. Consider this statement by George Bush made in 2003, just as his vast international kidnapping and torture regime was running at top speed: "The United States is committed to the world-wide elimination of torture and we are leading this fight by example. I call on all governments to join with the United States and the community of law-abiding nations in prohibiting, investigating, and prosecuting all acts of torture and in undertaking to prevent other cruel and unusual punishment. I call on all nations to speak out against torture in all its forms and to make ending torture an essential part of their diplomacy." Name one president of any country that has told a greater lie than this one by George Bush.

The US government and its agencies boast to the world about their freedom of speech while condemning censorship in other nations, yet the US is probably the most heavily censored of all countries. The fact that the media are willing conspirators does not change the fact that all news and public content is heavily controlled and that 95% of what Americans "know" about their own nation and the world, is false. The US news media invariably present only one side of events that proselytise the current political agenda, leaving the American people hopelessly in the dark about the true facts. This is so true that one US columnist noted that only 4% of Americans have any awareness of the immense brutality perpetrated on the people of Palestine by the state of Israel for the past 70 years. American history books and other educational materials consist largely of historical myths, propaganda about the goodness of America, about the badness of other nations, lies about the foundation and entire history of America itself. Hollywood is one of the worst criminals in this regard, with virtually every movie containing historical content being little more than a twisted propaganda film, satisfying one ideology or another while

totally misleading Americans on the truths of their own nation. **Stephen Spielberg's** recent **=[*'Lincoln'*]** movie is one such example, but there are hundreds of others.

The US, the one nation in the world stridently claiming an absolute freedom from propaganda, brainwashing and censorship, is in fact and reality the nation most overwhelmed with precisely these attributes. We will see irrefutable evidence that American schoolchildren are exposed to extensive indoctrination virtually from birth in terms of politics, capitalism, consumerism, patriotism, moral superiority, American exceptionalism and so much more. We will see that this indoctrination and brainwashing are so extensive that the American view of itself and its place in the world bear almost no comparison to reality, to the extent that this vast gulf between beliefs and reality constitutes a national mental illness. Given the enormous cognitive dissonance in America today, one can conclude only that Americans are the most deluded people on earth.

And in the end, this is the reason the US Department of Homeland Security has built its 800 detention centers and purchased its three billion bullets, the same reason that many (Western) columnists are openly suggesting that the rampant abuse of power, the entrenched corruption and feeding from the public trough, the persistent plundering and terrorising of nations with civilian casualties in the millions, "has become so widespread, so deeply entrenched and so increasingly bold, that the only possible remedy is a revolution". American and European columnists are becoming increasingly vocal in actually recommending another American revolution, convinced that only a popular uprising of the population acting in concert would have the power to reverse this tide. Until then, America, unlike almost every other nation in the world, will continue to be a nation built on lies.

Chapter 2 – Colonisation, Labor, and Slavery



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Preamble

We need consider that the general context of wealth contains several discrete dimensions which are mostly mutually exclusive. A kingdom may be rich in the sense that its monarch possesses great wealth and power, but that says nothing about the individuals who live in that kingdom since the sovereign's wealth may derive entirely from having stripped the population bare. Our population is also divided into dimensions in terms of social classes. Every nation, rich or poor, has a wealthy upper class, which tells us nothing about the relative wealth of the nation as a whole. If a country has a small and shrinking middle class or a substantial portion of the lower class living in poverty, we must refine our understanding of what it really means to be a rich nation. These cases, which are indicative of a large income disparity and where a relative handful are rich while most are not, would not meet our understanding of a rich country.

Nations subject to unregulated capitalism will generally fit the definition above, with a wide income disparity containing a relative handful of rich but with the wealth pyramid very quickly declining to poverty. An unregulated capitalistic country like the US might well have much or most of that wealth resident in its large corporations and their elite owners, wealth which does not filter down to the workers. As an example, we might think of Apple, with a few very wealthy executives and several hundred untaxed billions sitting offshore, but the average Apple worker is far from rich by most definitions and the million or so young people who actually make and assemble Apple's products would qualify as impoverished. In contrast, a nation with a more socialistic bent will have a smaller layer of extreme wealth and a much higher standard of living for the entire remainder, with a much larger middle class and little or no poverty.

So, what do we really mean when we say a country is rich? That the government has enormous revenues or the sovereign has great wealth? That its corporations are hugely profitable and its bankers extremely wealthy? Or do we mean that everyone in the country, including the lower classes, shares in that wealth, that no one lives in abject poverty? In the end, it is not the extreme wealth of a few but the living standard of the entire population that we must consider. To obtain a realistic appreciation of the wealth of a nation, we need examine not the top echelons of society who are always rich everywhere, but instead the financial security status of the less privileged of that society.

In our exercise here, to examine how the US became rich, we should keep these dimensions in mind because in all but one of the examples, the attitudes, actions and events that contributed to making the US what many choose to call a "rich" country, were directed solely to the benefit of the American elite and primarily to certain segments of even that class. If you are an American, it should become abundantly clear as you review these events that the almost ferocious determination to make America rich, did not have you in mind and, if you benefited at all from those events, that was what the elites would consider collateral damage and was by no means the intent.

Democracy Creates Rich Elites, not Wealthy Nations

Americans have been steeped since birth in the theology that their nation is rich because their democracy provided the seedbed for a people who are entrepreneurial, innovative and resourceful, and their freedoms created the fuel for the engine of American competitive excellence. But if we remove the rose-colored glasses and look past the propaganda, there appears to be little or no reality-based support for these claims. Neither of the above provide compelling reasons or make a convincing narrative to explain the wealth of either the US or the Western nations generally. The truth lies elsewhere.

We are often presented with the claim that the world's rich nations are (almost) all electoral democracies, this national wealth offered as proof of superiority of the political system. But correlation is not causality, and there is no evidence to suggest that the American form of multi-party politics makes any useful contribution to the wealth of anyone except those in position to accept patronage in one form or another. It is also true that many of these nations or regions became rich under what we like to call authoritarian governments, moving to alternate forms much later.

Moreover, if electoral politics are a positive force for national wealth, this force is not equally distributed because we can find some powerful counter-examples. The first of these would be India - 'the world's largest democracy' - which is hardly a shining example of wealth and success. And in fact, the world possesses an abundance of poor democracies, there being many nations with a combination of the basic attributes of multi-party politics and a pathetically-low per-capita GDP. The nations that have embraced capitalism appear to generally do well, and it would seem if there is any correspondence between national wealth and any operating system, that system would be capitalism rather than electoral politics.

Colonialism: The Bitter Truth

It generally seems to escape public notice that the US and most other Western nations share in common one additional trait besides electoral politics and capitalism, and that trait is colonisation. America and the Western European nations did not become rich because they were democratic or capitalist; they acquired virtually all their wealth by preying upon and plundering all the weaker nations of the world. The facts are too clear; there is no way to spin this away. The British Empire thrived for centuries by invading and plundering countless nations, massacring untold millions of people in the process. The French, the Italians, the Spaniards, the Portuguese, the Dutch, the Germans, the Turks, all did the same. As did the Americans, in their own style.

The amount of existing documentation on the rape and plunder of these nations would likely consist of a stack reaching to the moon. A list of the inhuman and barbaric acts

committed by these colonisers would likely reach to the moon and back again. If it had not been for the conquering and colonising of all those nations in the Americas, in Asia and Africa, in the Middle East, and the plundering of their wealth, all of these vaunted capitalist Western democracies would be today as poor as Angola, despite all their creativity, freedom and democracy.

The British, the Europeans and the Americans approached the logistical problems of colonisation in different ways. The British were the most hands-on managers of their colonies while the Americans found a way to accomplish the same result by remote-control. But the results were the same: poverty, misery and oppression for the vanquished and colonised, and untold wealth for the colonial Empires. There is no way to escape this brutal truth. The record of the Western nations in deposing governments and destroying nations for the sake of their colonial plundering, should lead thinking and feeling human beings to tears. The responsibility for this perpetual poverty rests with the Western nations that invaded and colonised these countries, stripping them of their wealth and resources, and becoming immensely wealthy in the process. For more than 100 years, using its military and later the CIA, the US government installed compliant dictators in dozens of the world's poorest nations while US multinationals extracted hundreds of billions in profits from the most meager of investments.

There is no way to avoid the fact that a major cause of US economic supremacy today is its military and political colonisation, the plundering of nations guaranteed by the installation of brutal military dictatorships. About 50 nations suffered such a fate under the propaganda guise of defending democracy or protecting American interests. This is how the US became rich. It was not, as most Americans believe, by being 'free' or by having 'democracy', or by being smarter or more inventive than other nations. Instead, it was all done with illegal and violent military force, virtually enslaving many dozens of countries as brutal military colonies, using these nations as cows to milk. America simply cannibalised much of the world. As Samuel Huntington so factually wrote in his book, *The Clash of Civilizations and the Remaking of World Order*, "The West won the world not by the superiority of its ideas or values or religion, but rather by its superiority in applying organized violence. Westerners often forget this fact; non-Westerners never do." (1) (2)

It began with the Dulles brothers (3) (4) (5) and the United Fruit Company (6) (7) (8) (9) in Central America, with ITT helping to finance the overthrow of local governments (10) (11) (12) (13) (14) (15) , and continued from there. All of South and Central America, much of Africa and Asia, were all exposed to this brand of American 'freedom and democracy'. By the 1920s, the US mining giant Anaconda owned all of Chile's copper - the world's most productive copper mines - extracting billions in profits while Chile remained in poverty. When Chile acted to nationalise its copper mines, the US immediately sent in the CIA to assassinate the President, overthrow the government, and install Augusto Pinochet as puppet dictator, a man whose brutality was legendary but who would permit Anaconda to continue its program of "plundering for peace".

For many decades, Britain, France and the US kept Iran in virtual poverty, stripping that nation of all its petroleum reserves to fund their empires while leaving almost nothing for Iran itself. (16) (17) (18) (19) (20) When that nation decided to nationalise its oil industry

to take charge of its own national resources, the US sent in the CIA to overthrow Iran's duly-elected government and installed the Shah as President - one of the most brutal and inhuman dictators in modern memory, but one who would permit the Western imperial nations to continue freely plundering Iran's resources.(21) (22) (23) (24) (25) (26) (27) In Zaire, Western fear of losing control of the gold, diamonds and cobalt resources, prompted yet another US overthrow, again by the CIA, this time by assassinating another duly elected leader and installing yet another brutal dictator amenable to Western bribery.(28) (29) (30) From the 1920s to the 1960s, American oil companies, with constant US military interventions, depleted all of Colombia's known oil reserves, making billions in profits and leaving the nation with no known oil. US President Coolidge orchestrated the overthrow of the government of Guatemala after a refusal to grant more concessions to the Rockefellers' United Fruit Company that already owned half the arable land in the country. Particularly in Central and South America, military imperialism produced enormous profits and economic growth for the US while keeping those countries buried in poverty. All American presidents have employed the propaganda slogan of "making the world safe for democracy" as a pretense and prelude to yet another illegal war of colonisation, but President Wilson most clearly explained the real meaning of this term in a lecture at Columbia University in 1907 when he said:

"Since the manufacturer insists on having the world as a market, the flag of his nation must follow him and the doors of nations which are closed against him must be battered down. Concessions obtained by financiers must be safeguarded by ministers of state even if the sovereignty of unwilling nations be outraged in the process." (31)

"Applying the combined resources of the US industrial and banking cartels, every available mass medium was harnessed to create and disseminate stories about the virtues of the US and the "American way of life". This enormously successful campaign persuaded ordinary Americans to work, fight and die for the speculative advantage of the US war machine. "The greatest mystery ... to be overcome is the apparent contradiction between America's proclaimed principles and the intensity of its covert operations practices." Philip Agee once called the CIA, "capitalism's invisible army" (32) (33). In fact, his conclusion after quitting the [CIA] was that capitalism could never be maintained without an extensive military and secret police force to suppress opposition to it. Valentine's autopsy of the Vietnamese Phoenix Program starts by recognising that the CIA was (and is) central to US corporate policy. "In Vietnam the Company developed ... Phoenix as an intensive corporate management and public relations campaign for what is called "nation-building". The overall aim of "nation-building" is to destroy the indigenous and nationalist infrastructure - what Americans would consider to be their state and local government together with all the social organisations and networks by which communities are organised and maintained - and replace it with one that operates on the same basis as US corporate infrastructure. The CIA was developing what would later be called - also euphemistically - private-public partnerships. In fact, free trade meant that US corporations deliberately avoided the costs of governing economically profitable territories. Instead, what has been called "an archipelago of empire" was preferred. This meant expanding the British principle of indirect rule by creating and supporting nominally independent regimes that bear all the social costs through extortionate taxation, while assuring that labor and natural resources are freely accessible to US corporations." (T.P. Wilkinson / August 9th, 2014)

Indicative of the savage brand of American capitalism is an October 1970 cable to CIA operatives in Chile from Henry Kissinger's staff, in response to Chile's election of a new government determined to recover control of the country's economy from American multinationals:

"It is firm and continuing policy that [the democratically elected government of] Allende be overthrown by a coup.... We are to continue to generate maximum pressure toward this end utilizing every appropriate resource. It is imperative that these actions be implemented clandestinely and securely so that the USG [United States Government] and American hands be well hidden." **Edward M. Korry**, the US Ambassador to Chile, wrote: "Not a nut or bolt shall reach Chile under Allende. Once Allende comes to power, we shall do all within our power to condemn Chile and all Chileans to utmost deprivation and poverty..." (34)

From **Howard Zinn's** *Empire or Humanity? What the Classroom Didn't Teach Me About the American Empire*:

"Reading outside the classroom ... I began to fit the pieces of history into a larger mosaic. What at first had seemed like a purely passive foreign policy in the decade leading up to the First World War now appeared as a succession of violent interventions: the seizure of the Panama Canal zone from Colombia, a naval bombardment of the Mexican coast, the dispatch of the Marines to almost every country in Central America, occupying armies sent to Haiti and the Dominican Republic. The motive of the U.S. establishment ... was described early in 1941 by Henry Luce, multi-millionaire owner of Time, Life, and Fortune magazines, as the coming of The American Century. The time had arrived, he said, for the United States To exert upon the world the full impact of our influence, for such purposes as we see fit, and by such means as we see fit. We can hardly ask for a more candid, blunter declaration of imperial design." (35)

Zinn wrote that the history books and speeches invariably claim the US military is an "instrument of civilisation", not of aggression, and that the US is merely spreading freedom, human rights and democracy around the world. However, he then added, "For the people of the United States, and indeed for people all over the world, those claims sooner or later are revealed to be false. The rhetoric, often persuasive on first hearing, soon becomes overwhelmed by horrors that can no longer be concealed: the bloody corpses ... the torn limbs ... the millions of families driven from their homes ..."

Robert Bowman, an American bishop and a Vietnam Veteran, wrote:

"We are not hated because we practice democracy, value freedom, or uphold human rights. We are hated because our government denies these things to people in Third World countries whose resources are coveted by our multinational corporations. That hatred we have sown has come back to haunt us in the form of terrorism and in the future, nuclear terrorism." (36) (37)

Here are more voices, all giving us the same message:

"... the establishment can't admit [that] it is human rights violations that make ... countries attractive to business -- so history has to be fudged, including denial of our support of regimes of terror and the practices that provide favorable climates of investment, and our destabilization of democracies that [don't] meet [the] standard of service to the transnational corporation ... the United States has given frequent and enthusiastic support to the overthrow of democracy in favor of "investor friendly" regimes. The World Bank, IMF, and private banks have consistently lavished huge sums on terror regimes, following their displacement of democratic governments, and a number of quantitative studies have shown a systematic positive relationship between U.S. and IMF / World Bank aid to countries and their violations of human rights." (38) (39) (**Edward S. Herman**)

"Just as the United States trained Latin American military and police in methods of fighting against "populism" in their countries, by this means helping to produce a "favorable climate of investment" by bringing into power National Security States, so a large, well-trained, and ruthless police is needed in the home country as it pushes a right-wing agenda that is contrary to the interests of a vast majority. There is ... a huge tacit conspiracy between the U.S. government, its agencies and its multinational corporations, on the one hand, and local business and military cliques in the Third World, on the other, to assume complete control of these countries and "develop" them on a joint venture basis. The military leaders of the Third World were carefully nurtured by the U.S. security establishment to serve as the "enforcers" of this joint venture partnership, and they have been duly supplied with machine guns and the latest data on methods of interrogation of subversives." (40) (Edward S. Herman)

"The United States supports right-wing dictatorships in Latin America, Southeast Asia, and the Middle East ... because these are the rulers who have tied their personal political destiny to the fortunes of the American corporations in their countries... Revolutionary or nationalist leaders have radically different political constituencies and interests. For them creating "a good investment climate" for the United States and developing their own country are fundamentally conflicting goals. Therefore, the United States has a strong economic interest in keeping such men from coming to power or arranging for their removal if they do." (41) (Richard Barnett, Intervention and Revolution)

"U.S. leaders have striven with much success to repress (1) the emergence of competing forms of production (socialist, collectivist, communitarian); and (2) competing capital formations (prosperous autonomous capitalist economies, or mixed ones, in emerging nations, and with FTAA and GATS, all public sector services except police and military in all capitalist countries. The goal is the Third Worldization of the entire world, including Europe and North America, a world in which capital rules supreme with no public sector services; no labor unions to speak of; no prosperous, literate, effectively organized working class with rising expectations; no pension funds or environmental, consumer, and occupational protections, or medical plans, or any of the other insufferable things that cut into profit rates." (42) (Michael Parenti)

"The hidden hand of the market will never work without a hidden fist - McDonald's cannot flourish without McDonnell Douglas ..." (43) (Thomas Friedman, *New York Times*)

"The great multinationals are unwilling to face the moral and economic contradictions of their own behavior - producing in low-wage dictatorships and selling to high-wage democracies. Indeed, the striking quality about global enterprises is how easily free-market capitalism puts aside its supposed values in order to do business. The conditions of human freedom do not matter to them so long as the market demand is robust. The absence of freedom, if anything, lends order and efficiency to their operations." (44)(**William Greider**)

Why should we worry about the death squads? They're bumping off the commies, our enemies. I'd give them more power. Hell, I'd give them some cartridges if I could, and everyone else would too...Why should we criticize them? The death squad - I'm for it." (45) (46) (Fred Sherwood, CIA staffer and former president of the American Chamber of Commerce in Guatemala)

And **William Shirer**, an American author, wrote:

"Until we go through it ourselves, until our people cower in the shelters of New York, Washington, Chicago, Los Angeles and elsewhere while the buildings collapse overhead and burst into flames, and dead bodies hurtle about and, when it is over for the day or the night, emerge in the rubble to find some of their dear ones mangled, their homes gone, their hospitals, churches, schools demolished - only after that gruesome experience will we realize what we are inflicting on the people of Indochina ..." (47)

Colonisation, American-Style



"THE WHITE MAN'S BURDEN"

Colonising the world is a complicated and difficult business, primarily because most nations are unwilling to be colonised, and tend to resist foreign invasions and the enslavement of their people. Therefore, you usually need a large and powerful military to not only invade and conquer, but to frequently kill, torture and terrorise large portions of the population in order to maintain obedience. You also need large numbers of officials willing to relocate to these colonies in order to manage the logistics of plundering their wealth and resources. And of course, this requires large sums of money and effort.

Also, you must normally remain present in these colonies. History has proven it's quite difficult to be an 'absentee coloniser' since the colonies quickly tend to become forgetful and disobedient, being more interested in their rights rather than yours. And what with having to put down the constant rebellions, the trouble of loading all that gold and treasure, the selfish peasants preferring to grow food products instead of opium, dealing with a local government that resists the enslavement of their people, it was a difficult job. But the Americans, inventive as always, discovered a new and almost effortless way to colonise the world while still ensuring the constant flow of treasure to their shores - true remote-control colonisation. Here's how it worked:

- Choose a target country with useful natural resources
- Search the military commanders for a true pathological killer without loyalty to his country
- Send in the CIA to destabilise the government, arrange a coup, and appoint the military commander as President

- Provide ample financing, an unlimited and free supply of arms and weapons, and train your new dictator at the famous "School of the Americas", in the principles of torture and repression of a civilian population
- Explain clearly to the new Puppet-dictator that he is only "President for life", the span in question determined entirely by his eagerness to suppress his local population while permitting the plunder of his nation's resources by US corporations
- Relax in the White House and manage your new 'colony' by remote control

It worked beautifully, in more than 50 countries. US multi-nationals and bankers could come in, virtually enslave the population by paying dirt-poor wages, export all the resources, and become not only obscenely rich but enormous, world-scale companies.

According to **Steve Kangas**, "These US government-sponsored CIA operations follow the same recurring script: Unlucky nations are targeted for a wide variety of reasons: not only threats to American business interests abroad, but also liberal or even moderate social reforms, political instability, and the unwillingness of a leader to carry out Washington's dictates. Often, the threat comes simply from the rise of a popular leader supported by the people because he intends to conduct land reform, strengthen unions, redistribute wealth, nationalize foreign-owned industry, and regulate business to protect workers, consumers and the environment". (48)

To accomplish this, the CIA "uses every trick in the book: propaganda, stuffed ballot boxes, purchased elections, extortion, blackmail, sexual intrigue, false stories about opponents in the local media, infiltration and disruption of opposing political parties, kidnapping, beating, torture, intimidation, economic sabotage, death squads and even assassination". The US has made a template for its colonisations, and teaches the tactics in the infamous "School of the Americas" which we will meet later. We will also examine a few selected examples of American colonisation in action, and acquire an appreciation of the results.

Cultivating Income Disparity

The world has for many decades been accustomed to thinking of the US as the world's richest country, coupling individual wealth with national economic supremacy. The causes of that condition have sometimes been examined in the popular media, but seldom with much accuracy or diligence, and never without a healthy dollop of American propaganda myths.

Few Americans, and even fewer people elsewhere seem aware that the US government was fully aware of its economic dominance, and pursued this as an objective not only in

absolute but in relative terms. For at least the past 100 years, and perhaps much longer, "domination by economic disparity" was an integral part of American foreign policy strategy, accompanied by a planned corresponding supremacy in the military and political realms. It seems almost surreal to make this claim, but it was not only wealth and economic supremacy that the Americans coveted, but economic disparity as well. The US not only wanted to be rich, and to be richer than other nations, but also to maintain those other nations in a dependent poverty. And this position has been constant for a great many decades. Read on:

At a conference in Mexico in 1945, the US demanded an 'Economic Charter of the Americas' ([49](#)) ([50](#)) designed to eliminate what it called "the scourge of economic nationalism", determined to crush "the philosophy of the New Nationalism which embraces policies designed to bring about a broader distribution of wealth and to raise the standard of living of the masses". A State Department official explained that this meant a US objection to Latin Americans who "were convinced that the first beneficiaries of the development of a country's resources should be the people of that country". In keeping with this attitude, the US agreed to recognize Mexico's government only on condition that Article 27 of the Mexican Constitution would not apply to American oil companies. Article 27 stated that Mexican oil was the property of Mexico. The American position was vigorously promoted by the US Secretary of the Treasury, Andrew Mellon, a member of the family that controlled Gulf Oil.

The American view of US Economic Supremacy in 1948

In 1948 a man named George Kennan, who was the director of the US State Department's Policy Planning Staff, published a then top-secret document (PPS 23, February 24, 1948), in which he laid out an honest assessment of the need for a successful American imperial policy. The document stated in part:

"We have about 50% of the world's wealth but only 6.3% of its population. This disparity is particularly great as between ourselves and the peoples of Asia (and China). In this situation, we cannot fail to be the object of envy and resentment. Our real task in the coming period is to devise a pattern of relationships which will permit us to maintain this position of disparity without positive detriment to our national security. To do so, we will have to dispense with all sentimentality and day-dreaming; and our attention will have to be concentrated everywhere on our immediate national objectives. We need not deceive ourselves that we can afford today the luxury of altruism and world-benefaction. We should cease to talk about vague and - for the Far East (including China) - unreal objectives such as human rights, the raising of the living standards, and democratisation. The day is not far off when we are going to have to deal in straight power concepts. The less we are then hampered by idealistic slogans, the better." ([51](#)) ([52](#))

Kennan's position stated above deserves some commentary. He tells us the US at the time had an especially large wealth disparity with countries like China, and that the US must devise "a pattern of relationships" that would permit the US to maintain that disparity. And that can only mean placing the US in an essentially master/slave relationship with these nations, one which would force them to accept their relative poverty and subjugated condition on a permanent basis. More than that, these 'relationships' must be created under conditions where there can never develop any military, economic or political threat to the perpetuation of US domination.

He then finishes by stating that the US cannot indulge in any humanitarian nonsense like "sentimentality, altruism or world-benefaction", and that any high hopes for China such as having human rights or a higher living standard are "unreal objectives", and the US should not be hampered by "idealism". In his words, the US cannot afford "the luxury" of caring about other nations, and America cannot "deceive itself" that it could permit these other nations to develop and become rich, since it is only by maintaining an extreme economic disparity that the US will be able to remain supreme. According to Kennan, the US must concentrate everywhere on its immediate national objective of maintaining economic supremacy over all other nations, and especially nations like China.

Readers may be surprised to see this attitude stated so nakedly, but economic, military and political supremacy have always been a prime objective of the United States. There has never been a time since the founding of the US Republic that America was not dreaming, scheming and planning this worldwide domination. And of course, pillaging the resources of other nations while maintaining their poverty was a natural part of this plan. It has never been otherwise. It was never an accident of fate or circumstance that the US government installed dictators in so many dozens of nations; this was done solely to permit the free plundering by US corporations while keeping those many nations in political and military subjection, AND their citizens in poverty.

This deliberate plan was seldom enunciated openly or clearly, but the actions of the US and its multinationals over many decades leave no question of intent. Kennan's remarks simply state what had always been tacitly understood within the American corridors of power. It was for this reason as well that the US was instrumental in creating UN agencies like the World Bank and the IMF. These were never intended to stimulate or assist development in the non-Western world, but instead to ensure the perpetual poverty of, and the free plundering of resources from, the undeveloped nations, necessary conditions in the American mind for maintaining worldwide economic domination. It is also important to note that in this striving for political and military domination the US was being used as a tool by the international bankers for their own scheme of worldwide domination. In this process, the US would accumulate resources and riches but, through the financing mechanisms of the IMF and World Bank, the European banking families would eventually own much of the land and infrastructure of these nations.

Under the circumstances, we cannot be surprised that South and Central America, for example, are mostly just as poor today as they were 200 years ago, after two centuries of American "friendship, patronage and assistance" to those nations. The only reason countries like Brazil, Venezuela and Argentina are slowly becoming richer today is that

they have finally thrown off the yoke of American imperialism and European bankers, overthrown the US-installed dictators, and begun to plot their own course of development free from the crushing weight of colonialism.

But the US does not willingly accept this turn of events, and is today still massively interfering in the internal political affairs of all of these nations, with huge volumes of money, propaganda and no small amount of organised violence, in attempts to derail their progress. It is not for nothing that in many surveys conducted over many decades, the US is consistently listed as the most hated nation in the world.

The American view of US Economic Supremacy in 2010

"You know if you talk to Chinese leaders, I think they will acknowledge immediately that if over a billion Chinese citizens have the same living patterns as . . . Americans do right now, then all of us are in for a very miserable time, the planet just can't sustain it, so they understand that they've got to make a decision about a new model that is more sustainable . . ." - (53) US President Obama in Australia in 2010

You can see that nothing has changed in the standard US narrative. Obama's meaning and intentions are as perfectly clear in 2010 as were Kennan's 60 years earlier: *The world has room for only one rich country - and that country will be the US*. He nakedly states the US position that China and other similar nations must reduce their national hopes and expectations and accept that they will have to remain poor forever in order for the US to perpetuate its worldwide supremacy. Obama cleverly resorts to "sustainability" as an unforgivably dishonest and self-serving excuse. His statements are a huge lie. He is telling us that if China continues its high rate of economic progress outside of US control, American supremacy and domination cannot be sustained. Therefore, according to him, China must remain poor. The unstated justification for his position is that God meant for Americans to rule the world.

" . . . if emerging countries (such as) China, India, and Brazil . . . are pursuing a path in which they replace us as the largest carbon emitters, that's not a sustainable practical approach . . ."

What Obama is really saying is that if countries like China replace the US as the largest carbon emitters, they will also replace the US as the world's largest economy and the US will slowly become irrelevant. This is why China's development is not 'sustainable or practical' in the eyes of the US. Obama finishes by stating the US wants China to take its "international responsibilities" seriously, i.e., its responsibility to accept the US as the leader of the world and agree to remain poor and undeveloped so Americans can remain rich and continue to plunder and pollute the way their God wants them to do.

Obama's logic is repugnant, selfish, dishonest and self-serving, demanding that the Chinese adopt the Western system and values, but will not be permitted the same living standard as Americans. According to him, the US will maintain the American model but will not lower the American living standard, and therefore makes the Imperial Proclamation that the Chinese must become impoverished American clones to maintain sustainability and harmony in the universe. As Song Luzheng wrote in his Paris blog, "What needs to change is the Western model rather than the Chinese model". He asked why the Americans haven't created a sustainable model until now and, since their model is unsustainable, why do they promote it globally as based on universal values?

Imperial Prerogative

In another volume in this series, titled 'America's Dirtiest Secrets', I write of the US governments' buried medical experiment in Guatemala where a large group of physicians supported by the State Department and the CDC waged a kind of war on the country where, in a misguided military experiment, they infected countless thousands of people with syphilis, then left them all to slowly die. El Mundo, one of Spain's major newspapers, published an article in August of 2011, titled "Guatemala, the United States' Field Laboratory", in which the columnist stated accurately that the Americans' objective was to find a poor country with undeveloped public infrastructure and health services where a man with an American accent, a white coat and stethoscope, could commit any number of atrocities under a pretense of healing. And that in the 1940s, Guatemala was an ideal location, where "the lowest and most miserable" of people would be easy victims of an abominable experiment designed without scruples in America.

An American professor named **Susan Reverby**, who was acquainted with some of the participants in that 'experiment', wrote a shocking revisionist apologia in which she asked, "Do the Guatemala Atrocities Matter? Who cares? What is there, besides our "our prurient and horrified sense of what they did without permission?" Do we need yet another awful story about "the bad old days" of medical research?" (54) She continued by stating that Guatemala matters primarily because "it demonstrates the links between periphery and metropole ...", a statement requiring some explanation. 'Metropole' is another word for Mother City, once a euphemism for London, the center of the British Empire, the 'Periphery' being the rest of the Empire. In this context, these words are political constructs of world systems theory, the periphery countries being those that are less developed, shortchanged on their share of global wealth, those with weak institutions, lack of technology, undeveloped education and health systems, and usually exploited to the maximum by the developed Western nations. They are seen and used as sources of natural resources, cheap labor, and agricultural produce. Their sole purpose is as fuel for the fires of domination of the developed nations. The character of the Metropole, the developed nations today exemplified by the USA, is that of one-way dictatorial control in economic, political and military terms. It is essentially a direct rule of all undeveloped nations, whether by colonisation or by military, economic, and political coercion. So **Reverby**, the "Professor of Ideas" for young women at Wellesley College, is telling us the human tragedies of Guatemala are irrelevant ("who cares what they did?"), that the only important aspect of those inhuman experiments is to serve as a live example of the true relationship between

the few rich white supremacists and the billions of colored poor - that of predator and prey. It was in 1945 - about the same time as these atrocities in Guatemala - that the US government launched its bitter campaign to eliminate "the scourge of economic nationalism" espoused by poor nations who believed that the beneficiaries of their resources and development should be their own citizens. I also mentioned above, George Kennan's 1948 policy paper stating the need to maintain a dramatic economic disparity between the US and all other nations.

From the earliest days of the American nation, it was this theology of white supremacy that has dictated the logic, ethics, and metaphysics of the American elite, and it is in the naked context of this reprehensible moral philosophy that the same American elite, supported by the US government, felt not only the freedom but a natural right to use the people of Guatemala as a medical zoo. It is of course quite inhuman, but to this Judeo-Christian elite, it is their God's natural order for the weak and black to render themselves practically useful and subservient to American utility and pursuit of happiness. This is the fundamental hypothesis on which the American system functions and by which the natural effects of American actions are explained. On this primary instrument of the subordination of the contemptible weak are played the chords of musical harmony of the Western Judeo-Christian faith.

American commercial success has for many decades resulted primarily from US foreign policy through the barrel of a gun. And today the US is on the same course of using its military power to assist US multinationals in plundering the resources of Eastern Europe, the Middle East, the Americas and Southeast Asia, under the guise of "making them safe for democracy". US Marine Corps General Smedley Butler, who was one of only two Americans to twice win the US Medal of Honor, had thoughts in the 1930's of writing his autobiography, and claimed, "There are things I've seen, things I've learned that should not be left unsaid. War is just a racket. A racket is best described... as something that is not what it seems to the majority of people. Only a small inside group knows what it is about. It is conducted for the benefit of the very few at the expense of the masses. War is a racket to protect economic interests, and our soldiers are sent to die on foreign soil to protect investments by big business." (55)

Butler wrote: "The U.S. has routinely destroyed democracy throughout the globe while its leaders claimed to be spreading democracy. I spent 33 years in the Marines, most of my time being a high-class muscle-man for Big Business, for Wall Street and for the Bankers. In short, I was a racketeer, a gangster for capitalism. The general public shoulders the bill. This bill renders a horrible accounting. Newly placed gravestones, Mangled bodies. Shattered minds. Broken hearts and homes. Economic instability. Back-breaking taxation for generations and generations. I helped make Mexico, especially Tampico, safe for American oil interests in 1914. I helped make Haiti and Cuba a decent place for the National City Bank boys to collect revenues in. I helped in the raping of half a dozen Central American republics for the benefits of Wall Street. I helped purify Nicaragua for the international banking house of Brown Brothers in 1909-1912. I brought light to the Dominican Republic for American sugar interests in 1916. In China I helped to see to it that Standard Oil went on its way unmolested." (56)

In another speech he stated, "War was largely a matter of money. Bankers lend money to foreign countries and when they cannot repay the President sends Marines to get it. I know - I've been in eleven of these expeditions." In an article published in 'Common Sense' in 1935, Butler stated that the Harriman family's notorious Brown Brothers, Harriman bank was behind the US Marines acting like 'racketeers' and 'gangsters' in order to exploit the peasants of Nicaragua. Prescott Bush, the grandfather of US President George Bush, was the Managing Director of Brown Brothers, Harriman.

General David Shoup, former United States Marine Commander, wrote in 1966, "I believe that if we had, and would, keep our dirty, bloody, dollar-soaked fingers out of the business of these nations so full of depressed, exploited people, they will arrive at a solution of their own. And ... at least what they get will be their own, and not the American style, which they don't want and above all don't want crammed down their throats by Americans." (57)

It is true to say that one of the reasons, and perhaps the main reason, the US focused so heavily on its military strength, was to further its commercial ambitions. As early as the 1850s, the US was using 'gunboat diplomacy' - naval military threats - to enforce commercial trade demands. In this, the US was following the model of the European colonial powers who had mastered the process of intimidating nations into granting trade concessions and grossly unequal treaties simply by displaying the threat of overwhelming military force. Most often, the mere sight of a fleet of warships off one's coastline was sufficient to obtain compliance to almost all demands.

It was this same naval threat that forced the **Queen of Hawaii** to abdicate and turn over her country to an American who coveted that nation's plantations (58) (59) (60), and later in forcing Japan to open its borders to trade (61). When this issue is discussed by Americans today, their collective opinion is that perhaps it wasn't very nice, but "all we did was convince Japan to trade with us, and that's not a bad thing. Japan benefited as much as we did". But this rather naïve and simple-minded position ignores the great inequities in the trade agreements that were subsequently concluded. And it was this act of terrifying Japan that more or less directly triggered the **Meiji Restoration**, setting the Japanese on their own binge of imperialism into China.

In any case, for at least the past 200 years, gunboat diplomacy or one of its variants was the dominant way for the US to establish new trade partners and fulfill its expanding imperial ambitions. In later years, as we will see, the US government's most common variant was to overthrow the local government and install a captive military dictatorship that would give free rein to US multinationals to quite literally plunder each nation's resources and forcibly provide almost unlimited markets for US goods. The American doctrine, through most administrations, has always been that the US is entitled to resort to unilateral force to ensure "uninhibited access to key markets, energy supplies, and strategic resources", as Clinton expressed it, (62) (63) (64)

One important example of the Americans' "right to uninhibited access" involves Panama, a tiny country in the transition area from Central to South America, where the continental link becomes only about 50 kms. wide, and contains the Panama Canal which permits passage between the Atlantic and Pacific Oceans without having to make the long and dangerous voyage around the Southern tip of South America. Few Americans appear to know that Panama became a separate country only relatively recently, that it had always been the Panama province of Columbia. About 100 years ago the US government wanted to build a transportation canal across the narrow isthmus, but Columbia declined the proposal when the US demanded that the canal and surrounding land would be owned by the US as sovereign American soil in perpetuity. So, **President Roosevelt** sent in the US military, "liberated" the isthmus, declared a new country named Panama, appointed a compliant local President, and took ownership of its new "country". (65) (66)

For a very long time it was almost impossible to learn the real truth about the creation of Panama and the story of the canal. US history texts boasted effusively about American ingenuity and prowess in building the canal, but nowhere did they mention the military aggression and hijacking of a country. A typical US history text tells us without further detail, "In 1903 the United States secured the right, by treaty, to build a canal across Panama". On the repeated occasions when Columbia sent troops in unsuccessful attempts to un-liberate its province, American history books and even US government websites list these events as "putting down a local insurrection" or, sometimes, "protecting American interests". One US university history textbook claimed the US sent troops into Panama "to mediate a border dispute", the dispute of course being that there was no border, that Panama was a province of Columbia. The 'new' Panamanian constitution granted the United States the right to "intervene in any part of Panama, to reestablish public peace and constitutional order", and the US did so on numerous occasions, generally to ensure a favorable outcome in Panama's "democratic" elections. Several Panamanian presidents or candidates "died unexpectedly" during an election campaign, and on more than one occasion the US military had to intervene to protect their installed puppet president from lynching by angry mobs.

Of course, the canal was every bit as advantageous in economic and military terms as the Americans had hoped. It saved American vessels countless billions in extra fuel costs and brought in hundreds of billions of dollars in transit fees for the US treasury. The canal also provided enormous political advantages since it permitted the US military easier access to both Oceans and the Americans could control access by the military and commercial vessels of other nations, becoming a prized tool of US imperialism for the extortion of compliance and submission. Most Westerners have an image of the Panama Canal as a kind of non-partisan transportation route available to all the world's shipping, but that has never been true. The US has repeatedly used the Canal as a negotiating tool for Imperial compliance, and to its own military and commercial advantage. US military vessels regularly transit through the canal, but does the world imagine Russian vessels do the same, or that an Iranian ship, if permitted passage at all, will pay the same transit fee as an American vessel? In fact, one of the major tools the US used to provoke Japan to attack the fleet at Pearl Harbor was the closing of the canal to all Japanese shipping, and to all vessels, especially those carrying oil, that were headed to Japan (67) . When we add the financial gains and the enormous political and military gains, the value of the Panama Canal to America's rise, was beyond estimation.

The new US imperial territory of Panama had other uses that were not widely publicised and that remained unknown for many decades. One of these was that Panama became the location of the world's largest and most notorious terrorist and torture training facility, the famous US-operated "**School of the Americas**" where the CIA and US military instructed and trained almost all of the world's brutal dictators and terrorist governments in all the fine arts of torture, acts of terrorism, sabotage, revolutions, suppression of civilian populations (68). Panama was also used as a staging base for the illegal invasions of other nations in Central and South America, as well as by the CIA for its activities in the political destabilisation of other nations in the region (69). Due to Panama's location and US control, it was also of inestimable value to the CIA for its international narcotics trafficking operations. (70) (71) (72) Just so it doesn't go unsaid, almost no benefit accrued to the Panamanian population or economy. Panama's share of canal revenues was a pittance, and Panamanian businesses were explicitly prohibited from providing services to the Canal Zone or ships transiting through the Zone. The American presence and control have always been bitterly resented by the local population, and still are today. The country has experienced repeated riots and massive civil disruption due to American arrogance and overt control of elections, with the locals repeatedly revolting to overthrow the US-imposed "president". Wikipedia tells us, "United States officials supervised elections at the request of incumbent governments". Uh huh. But that's not the local version.

In related events, few people are aware of the so-called "financial protection arrangements" that the US government - at the instigation of the FED bankers - forcibly imposed on many nations in the Americas, agreements whereby US banks would "manage" the cash and finances of these smaller nations, always to the great benefit of the bankers and to the detriment of the victims. In the case of Panama for example, the US refused to pay Panama directly the annual rent payments for land use related to the Panama Canal, instead giving the money to the bankers at **J. P. Morgan** who were to invest the money on Panama's behalf but who invested the funds in New York real estate, making billions in profits over a century, while paying Panama only a small annual interest. Most countries in Central and South America have been subject to these peculiarly American financial contracts. These financial controls so commonly imposed on poorer nations in the Americas provided the US with overwhelming political power and massive financial profits as well as the desired income disparity, since a nation's funds would not be released for social purposes incurring the displeasure of the Americans. Any of these nations attempting expenditures on social services or infrastructure development without the express permission of the US, would automatically activate an "obligation to intervene" by the US military. In total, the profits realised by a few American bankers and elite industrialists from these arrangements, were astronomical over a century. For well over 100 years, the entire Southern continent was treated as a lucrative, if reluctant and troublesome, divisional profit center for American bankers and industrialists. This still occurs today. Developing nations obtaining a \$10 billion infrastructure development loan from the World Bank may never actually get to touch that money since it will eventually be paid to US or other Western firms. Often, the funds will sit in a US bank pending distribution, during which pending the money might conveniently produce huge profits for a hedge fund or finance a nice condominium development in Manhattan. Capitalists never let money sit idle, even if that money isn't theirs.

But that wasn't all. To use Haiti as an example, the US has constantly interfered in Haiti's internal affairs for well over 100 years, overthrowing elected governments and replacing them with dictators, invading Haiti six or seven times to seize government revenue on behalf what is now Citibank. More than once, US Marines invaded the country, broke into

the nation's central bank, and stole all its money, including all Haiti's gold deposits. (73) (74) (75) When Haiti refused to turn over its banks to Citibank and its railroads to an American company, the US launched an overwhelming military invasion during which it re-wrote Haiti's constitution, turned over almost all industry to American firms, disbanded the country's army and replaced it with a US military police force, slaughtered tens of thousands of civilians and enslaved hundreds of thousands of others to build a railroad that would carry Haiti's resources to American ships. The US ran the country as a military dictatorship for decades and viciously suppressed all local resistance, while imposing a total information blockade so no news could ever escape. In American history books and US government propaganda, the military was there only "to maintain order during threatened insurrection" and, of course, "to protect American interests". Little Haiti and many poor countries like it, have contributed enormously to American wealth.

The CIA organized the overthrow of Guatemala's elected government (76) to install **Ríos Montt**, another US-financed pathological killer, and supported him during 40 years of CIA-trained and sponsored death squads. **Montt** specialised in torture, disappearances, mass executions, and unimaginable cruelty, resulting in more than 200,000 victims. This was one of the most inhumane events of the entire 20th century, much of it sponsored by US President Reagan. And not only sponsored, but praised; Montt attended Reagan's Presidential Inauguration and was one of his good friends. But the US-supported dictator had given virtually all of his nation to the US Bankers and corporations. At that time, the Rockefellers alone owned more than 40% of the arable land in Guatemala as well as the entire railroad network and telegraph system, and also the country's only port. Earlier, when the US was preparing for its invasion of Guatemala, many of the planning documents were passed on to the Guatemalan government who published them in the media and demanded an explanation from the US. Of course, the State Department claimed the accusations were "ridiculous", and added further, "It is the policy of the United States not to interfere in the internal affairs of other nations. This policy has repeatedly been reaffirmed." And Time Magazine, always helpful, claimed that those documents were just a Russian plot to embarrass the US. And then the CIA continued with its plans, assassinating the President and overthrowing the government as if nothing had ever happened. Americans are not easily embarrassed.

In addition to looting the central banks of Haiti, Puerto Rico, Panama, Guatemala, and a few others in the neighborhood, the Americans looted the banks of many other nations. There was Cuba, of course, looted more than once, and the Philippines after the Spanish-American war and again during World War II. To the victor go the spoils. The same happened to Afghanistan and Iraq, though the *New York Times* didn't want to depress you with that news. And Libya, where almost the first thing that happened after the death of Khaddaffi was the looting of the \$30 billion in gold from the central bank, a kind of donation to the European banking families by the Libyan rebels who surprisingly founded their own central bank with Rothschild as the President. (77) (78) And we had Ukraine, where the US FED relieved that country of its \$20 billion in gold bullion, transferring it to New York "for safe-keeping", never to be seen again. Russia was heavily looted (again) after the collapse of the USSR, as were most of the other countries in Eastern Europe and, more recently, the fragments of Yugoslavia. There are no doubt others, though documentation and admissions of guilt are not easy to obtain in these matters. The amounts may not seem large to you, but \$30 billion here and \$30 billion there, and soon we have a lot of money.

However, not to lose the main point, all of these nations in South and Central America were subject to more or less the same political, military and financial pressures as were Panama, Haiti and Guatemala. That is why they are still poor today, after more than 200 years of American assistance. All of these nations collectively have made an enormous contribution to the US treasury and the accumulation of wealth of the American elite, a history both inhumane and despicable that has been entirely deleted from the Western historical record. Americans have never known, and the local populations will never forget. It is not a surprise that so much of the world bitterly hates the US today, but Americans never see this side of their country. Indeed, the internet and the US PR machines are full of glowing praise for the power of US companies, with terms like "The American Copper Industry: Bright Future Glorious Past". But that 'glorious past' consisted of raping, looting and plundering Chile for more than 200 years.

Labor, The Curse of Capitalism



Labor is almost always the largest component of corporate operating expenses, in many industries comprising 50% or 60% of total costs. Eliminate your labor cost and soon your profits will be astronomical. Compound that for 500 years, and you will probably own all the money in the world. And if your competitors are paying normal market wage rates, you will be the only surviving company in the world long before that 500 years expires. How could it be otherwise? With no labor costs, you can sell your products at a far lower price than the actual manufacturing costs of your competitors and quickly force everyone else out of business. At that point you can raise your selling prices to almost any level and experience profit margins beyond the wildest dreams of avarice. This is what most MNCs try to do today. When they look at their financial statements, the figure that most stands out is the high labor component, so to increase profits they cut staff, put a freeze on hiring, and refuse pay increases (except for executives). Labor is always the most vulnerable component since most fixed and variable costs have little margin for improvement, most overhead offering little room for savings. Manufacturing costs quickly reach a level beyond which they cannot be further reduced, leaving labor as the obvious target.

This is so true that there are almost no people today who have become rich without violating the sensibilities of the labor they employed. Look at Apple, one of the darlings of

America, with about \$200 billion in untaxed profits sitting offshore. Apple stole all of that money, or at least its suppliers did. Steven Jobs is revered as an innovator because of Apple's iPhone, but the iPhone was nothing. Jobs' real innovation was in finding a firm - Foxconn - that would build a one-million employee concentration camp where it could manufacture and assemble iPhones while the one million young workers were living on the brink of starvation. Had Jobs accepted responsibility for what were in fact Apple employees and paid them anything resembling a living wage, that \$200 billion would be zero. The iPhone's 'cool factor' is irrelevant in this equation. Apple's profits did not come from cool; they came from the theft of wages from society's most vulnerable young people who needed a job and a start in life. To succeed in his quest, Jobs first had to ensure they failed in theirs. And he did.

Consider **Sam Walton** of **Wal-Mart**. This is precisely what he did - underpay one million employees for 30 or 40 years, far below the standard wage rates and with only part-time employment to avoid the heavy costs of benefits like health care, pensions and unemployment insurance, which are usually 30% or more of the wage bill. With this approach, Walton could undercut the selling prices of his competitors by a substantial margin and become almost the only game in town. If he is permitted to continue, he will soon be the only game in town. And today the several heirs of Sam Walton are said to own 30% of all the wealth in the United States. In China, **Li Ka-Shing**, Hong Kong's richest man, fits the same mold. He mistreated and underpaid his employees so badly, **his plastic flower factory was the detonator for Hong Kong's bloody nine-month civil war in the 1960s**. Li overestimated his ability to plunder - a mistake Sam Walton did not make - and the world exploded. But by the time the blood was literally running in the streets, Li had accumulated enough cash to buy up everything very cheaply and become even richer. If you dig into the history of any wealthy man today, you will find with few exceptions they did exactly what **Steve Jobs, Sam Walton, Jack Ma**, and so many others have done - **get rich on the backs of the workers**. These are the same people who are today promoted in the media as generous philanthropists and kind humanitarians, saving trees and promoting abortions. And they are all miserable frauds. That philanthropy should be directed to the employees on whose sacrifices they originally became rich - if any of those people are still alive.

General Motors succeeded in the same way as **Apple** and **Wal-Mart**, with a bit of a twist combining both methods. With the labor unions still powerful, GM didn't have the flexibility to starve its own workers, so it adopted the Apple approach to fame and famine. GM stopped manufacturing all its components and sub-contracted the manufacturing to its suppliers, giving GM not only leverage but immunity from the wrath of the **UAW** union. GM offered massive volume purchases from suppliers, but at pricing so low they were forced into the Foxconn mold - concentration camp living and wages that provided feasts for GM profits and famine for everyone else. It was so bad that GM contracts included a provision for additional 5% cost decreases in every year of the contract, and it refused to permit a supplier to quote on a new contract without first conceding a 10% decrease in price on any existing contracts. Of course, GM were bitterly hated since this outsourcing strategy meant that someone else's workers would absorb the entire financial burden of GM's greed, millions of workers each conceding ten thousand dollars each year to GM's bottom line.

This was the strategy behind the American approach to military colonisation and plundering of the undeveloped nations. With the backing of the military and the State Department, US MNCs applied these policies to more than 50 countries in the Americas, Africa and Asia. Negotiate raw materials and product prices to nearly zero while paying starvation wages and utilising the installed dictator to maintain sufficient terror in oppressing the population to prevent labor disputes and any thoughts of forming labor unions. This labor philosophy so dearly loved today by Wal-Mart, Apple, GM, Coca-Cola, Nike, and so many other American MNCs, was honed to perfection by the US State Department long before these firms were born.

Let's return to **Wal-Mart** for a moment. If **Sam Walton** could, in the space of 30 or 40 years, build by this method the largest retailing company in the world, what could he accomplish in 100 years, or 300 years, or 500? If, in that relatively short blink in time, his miserable offspring already own 30% of all the wealth in the US, how much would they have in 100 years, or 300, or 500? It isn't a logical leap to imagine Walton being not only the largest, but the only, retailer of consequence in the world, nor it is a leap to imagine him buying out many other firms and industries and applying his proven formula to them. In 100 years or 200, he could have the only food store in the world, or pharmacy, or hospital, and in fact the company has entered all these fields and more, and is attempting to do precisely that.

But Sam Walton had to pay his employees something, so he paid them about 1/2 to 2/3 of a standard wage (with no benefits), and you've seen what he accomplished. *But what if he hadn't had to pay them anything? What if his only obligation were to feed them and let them sleep in his warehouse? And what if all their children automatically became unpaid Wal-Mart employees from the age of six, also receiving only food and warehousing? How much richer would he be today? If he could continue in this mold, how much richer would he be in 500 years?* Now, let's regress in time and imagine the result if Sam had opened his first Wal-Mart on Plymouth Rock 500 years ago, and never paid a cent in wages since then. And let's further imagine that almost every American company in every industry operated in this same manner while no companies in other countries did so.

What does this have to do with slavery and how the US became rich? As you've already guessed, everything.

Slavery



No other nation in the world's recent history has owed credit for its economic development to any one factor, as much as the Americans owe to the centuries of an unlimited supply of wageless workers. More than 100 million black Africans and even more millions of white English, Irish and Scottish, along with many millions more of Chinese and Indians, were kidnapped and enslaved by American and Jewish slave traders in a massive commercial enterprise that lasted for several hundred years, its effects still very much apparent throughout America today. Slavery was not a matter of the rich having personal servants. It was entirely a capitalistic enterprise enacted to maximise profits for landowners, a legally-enacted form of forced labor supported by American legislation. Slavery was so central to the American economy that for a very long time, a standard economic measure in the US was not GDP, but dollar value of output per slave. The US South would have been at one time the richest nation in the world if measured according to other countries.

A nation that for hundreds of years pays no wages to 80% of its laborers will experience a much more rapid economic development, and an immeasurably more wealthy elite, than would otherwise have been possible. For Americans to claim today that developing nations are building their economies "on the backs of their workers" is not only indicative of a massive ignorance but constitutes an abominable hypocrisy. **It is Americans who built their economic supremacy literally on the backs of slaves and of the poor.**

The history of slavery has been cleverly rewritten as a moral issue but it was primarily economic, not moral, its existence in the US being absolutely indispensable to the

development of the wealth of the American ruling class. The financial contribution of slavery to the personal fortunes of American politicians, elites and bankers, is incalculable, as is its contribution to the financial rise of the US as a whole. The profits that accrued from the Atlantic slave trade led directly to the rise of American industrial capitalism and the Americans' worldwide exploitative system of imperialism. On both sides of the Atlantic, it was primarily the vast profits from the slave trade that brought about and financed the Industrial Revolution. Ubiquitous slavery was not only essential to American economic development, but was the single most important indicator of the philosophy and structure of the Western form of capitalism and of the inherent violence of that system. More than one author has noted that slavery not only powered the American economy for hundreds of years, but that it "shaped every crucial aspect of the economy and politics" of the US. Edward Baptist, to whom I refer below, stated so well that what I call 'Photoshop historians' depict America's great economic rise in terms of "entrepreneurs, creativity, invention", when the bitter truth is that it resulted almost entirely from slavery, brutal colonisation and the widespread distribution of organised violence against weaker peoples, and was not in any sense a search for freedom and opportunity but for money and profit.

In a current lawsuit by Caribbean natives ([79](#)) ([80](#)) ([81](#)), it is claimed that Britain alone benefitted to the extent of 4 or 5 trillion British Pounds from its part in the slave trade; the benefit to the new America would have been far greater. The lawsuits will be largely symbolic, since the responsible parties have already rejected - on essentially moral and logical grounds - any hope of compensation. The UK's foreign office said, "We do not see reparations as the answer." What a surprise. France relied on the futility of calculating costs, the logic apparently being that since we cannot calculate accurately, we won't bother calculating at all, thereby saving ourselves trillions of dollars. The Dutch government was more tactful, having "expressed its deep regret about the history of slavery and has thus recognized injustices from the past." Translation: our nice little apology is all you get. But these people have reason to worry. The Caribbean is by far the smallest portion of these gains (or losses), but various economists and mathematicians have made sincere efforts to estimate their actual losses and, even under conservative assumptions, said the number was "so astronomical as to be almost meaningless". And, of course, those meaningless astronomical numbers are precisely the gains to the economic development of the US and Europe, for which the numbers would be almost infinitely higher. One American professor estimated the minimum financial benefit to the elite ruling class in the US would be in the many tens of trillions, and that's in dollars of 1800 or 1850.

An excellent recent book that delves in depth into the financial aspects of slavery is Edward Baptist's "The Half Has Never Been Told: Slavery and the Making of American Capitalism" ([82](#)) ([83](#)) ([84](#)) ([84a](#)). Baptist succeeds in exposing slavery as a fundamental part of the American economy rather than being, as someone wrote, "a footnote to a dominant narrative of the expansion of liberty". In truth, "liberty" was nowhere to be seen in this equation, the settlers' imaginary "search for freedom and opportunity" being unquestionably the most deceitful portion of American history. As Baptist relates, the entire financial industry of the Americas was developed around the economics of slavery. Bankers developed generations of new financial instruments, creating financial securities like bonds with slaves as collateral, and many varieties of interest-bearing mortgages on slaves that were bundled and sold to investors in much the same way as house mortgages are today. These bundles of financial instruments that used enslaved humans as collateral were commonly used to raise money for land purchases or other investments, and were widely sold to rich investors both in the Americas and in Europe, being one of the most available and popular forms of security investment.

After the Rothschilds forced their legislation through the US Congress for the foundation of a privately-owned central bank, their "Bank of the United States" was heavily engaged in using federal funds to finance slave traders, this being one of the prime sources of the bank's accumulation of wealth. It was the Rothschild-owned Barings Bank that financed most of the slave trade that originated in Europe (85), with the Rothschilds and other bankers and financiers providing the enormous capital to finance thousands of ships, hundreds of thousands of slave-trading voyages, and the purchase of tens of millions of collateralised slaves. American slave owners possessed the largest pool of collateral in the United States, these billions of dollars constituting as much as 25% of the entire wealth of the New World and, as Baptist noted, "the most liquid part of that wealth, thanks to the efficiency of markets manned by professional slave traders." And professional bankers. At the time, there was probably no business in the world more profitable than either slave-trading or the financing of the slave trade.

We could usefully take a few steps backward (or aside) here to add some historical context to this matter. Slavery did not begin with the kidnapping of blacks from Africa, which was actually a recent development. Jewish slave traders were active in Europe 1,000 years ago, and in fact the word slave derives from 'Slav', the Christian whites of Central and Eastern Europe being the first groups of humans to be kidnapped and sold, mostly to Moslem countries where the white women were prized for sex and the castrated men brought very high prices as eunuchs for the harems. Most Europeans bitterly resented this trafficking in White Christians and it was often for this reason (as well as tax farming and other outrages) that the Jews were so often evicted from various European countries - and not due to 'anti-Semitism' as the popular narrative would have us believe. (86) (87)

But as these practices faded, it was the European Jews led by the Rothschilds who formed the British East India Company, which was at one time the largest corporation in the world and which built a private standing army of around one million men solely for the purpose of brutalising the Indian population. (88) (89) (90) (91) (92) (93) (94) Among the litany of atrocities inflicted on India by this group was the initiation of slavery on a wide scale, with millions of Indians being seized and exported as slaves all over the world, a practice soon transferred to China. The Rothschilds conceived the idea of growing opium in India as a way to drain the silver from China, at which point vast areas of Indian agriculture were converted from food to opium poppies, converting vast numbers of Indians to corpses in the process. The opium was then shipped to China where another Jew, David Sassoon, had the exclusive opium franchise granted by Queen Victoria herself. It isn't widely known, and I will deal with this at length later, but the 150-year opium travesty in China was entirely a Jewish business that is today cleverly blamed on the English (95) (96) (97). These drug dealers may have carried British passports, but they were not Englishmen. The Jewish Encyclopedia of 1905 states that Sassoon expanded his opium trade into China and Japan, placing his eight sons in charge of the various major opium exchanges in China. The 1944 Jewish Encyclopedia states "He employed only Jews in his business ... He imported whole families of fellow Jews ... and put them to work." **The Sassoons were not the only Jews involved in the trade, Sassoon sharing a small part of China with a few other Jewish families - Hartung, Hardoon, Kadoorie, Arnold, Abraham, Ezra and Solomon, among others.**

It was interesting that The Economist, which is anyway a decidedly dishonest and untrustworthy paper, wrote a song of praise for the East India Company with the theme

of "the greatest state-owned company" of them all, somehow forgetting the total plundering and destruction of India, the endless massacres, the opium, the world's first great drug cartel. There is not likely any single organisation in history with as much filth and blood on its hands as the British East India company, and yet The Economist endeavored to glamorise this abomination. Next, they will be telling us Cecil Rhodes was a man of peace and the Boer wars were fought not for diamonds and gold but for freedom. Nick Robins, in his paper on the British East India Company, wrote, "... for many Indians, it was the Company's plunder that first de-industrialized their country and then provided the finance that fueled Britain's own industrial revolution. In essence, the Honourable East India Company found India rich and left it poor. The East India Company's escape from reckoning enables the people of Britain to pass over the source of much of their current affluence and allows India's continuing poverty to be viewed as a product of its culture and climate", rather than the tragic result of inhuman adventures by a small group of vicious foreign predators in pursuit of profit. The books of history of the East India Company and of its sister the Dutch East India Company, were closed shut a very long time ago but need to be re-opened for the world to examine the contents which will undoubtedly document one of the most thoroughly evil episodes in the entire history of the world.

At the time, Sassoon was recognised as the second-richest Jew in the world, after Rothschild, with a fortune well into the billions by 1850. This is a good place to trash the foolish urban legend about people like Bill Gates or Warren Buffett being the richest man in the world. The Rothschilds and Sassoons were multi-billionaires 175 years ago and those fortunes have rocketed since that time, the most reliable estimate being that these and several other Jewish European families each have assets today in the trillions, the Rothschilds conservatively estimated at around 25 or 30 trillion. Wikipedia, lying as always, tells us the Rothschilds were once rich but distributed that wealth among their too-many children, leaving the family virtually impoverished. That's rubbish, since one item alone - the several trillions of US government debt owed to the FED - will end up in the pockets of the FED's owners - Rothschild and a few of his closest friends, who also control the Central Banks of Germany, England ... **Compared to the European Jewish banking families, Gates and Buffett are loose change.**

After 50 years, Sassoon and a few other Jewish opium families owned most of Shanghai as well as much else, and Hong Kong's grand Peninsula Hotel, which I believe is still owned by the Kadoorie family, was financed by opium cash from the Mainland. The reason Queen Victoria took Hong Kong from China was that Sassoon needed a distribution base for his vast opium franchise. Similarly, the HSBC was founded solely to launder Sassoon's drug money, an expertise the bank still specialises in today. The standard narrative tells us the HSBC was founded by Scotsman Sir Thomas Sutherland, who wanted a bank operating on "sound Scottish banking principles", but that's historical Photoshopping. **The HSBC was always a Jewish bank and David Sassoon was the Chairman of the Board from its founding.**

In any case, the Rothschild's slavery efforts in India were soon transferred to China, with millions of Chinese being abducted and sold into slavery around the world, more or less coincidentally with the African trade to the New Americas. There were so many Chinese being abducted for this slave trade from Fujian province that it caused a widespread and violent rebellion, forcing the Jewish slave traders to retreat and restart their abductions in

Macau and Guangdong. It was only the world war that finally moderated this practice. (98)
See this note below.

But it should be noted that the worldwide slave trade had almost always been primarily a Jewish business. I needn't defend the treatise here, but let it suffice for now that many dozens of Jewish historians have confirmed these facts at length, and a great deal of the historical record is indisputable. In the North American slave trade, the Jews did not necessarily or at all times have a monopoly, but they were certainly very prominent and, in most cases, well into the majority. This is true not only for the ships, the abductions, the sales and ownership of slaves, but the financing and the securitisation of collateral slaves is mostly to the credit of ingenious Jewish bankers on both sides of the Atlantic.

Jewish historian **Seymour Liebman** wrote: **"The traffic in [English] slaves was a royal monopoly, and the Jews were often appointed as agents for the Crown in their sale... [They] were the largest ship chandlers in the entire Caribbean region, where the shipping business was mainly a Jewish enterprise.... The ships were not only owned by Jews, but were manned by Jewish crews and sailed under the command of Jewish captains."** (New World Jewry 1493-1825: Requiem for the Forgotten (KTAV, New York, 1982)). ([99](#)) ([100](#)) ([101](#)) ([102](#)) ([103](#))

In the 1850s, a Jewish immigrant named **Mayer Lehman** obtained an appointment by the Governor to be effectively the Minister of Cotton, in charge and control of the entire cotton industry in Alabama, which also placed him in charge of all slaves in the state. Lehman and his family generated such enormous wealth from their slave and cotton dealings, they moved to New York and founded the Lehman Brothers investment bank. ([104](#)) ([105](#)) ([106](#)) ([107](#)) There are many similar documented stories. The Jewish Encyclopedia states, "The cotton-plantations in many parts of the South were wholly in the hands of the Jews", and **Roberta Feurlicht**, in her book Fate of the Jews, wrote **"Not only were a disproportionate number of Jews slave owners, slave traders, and slave auctioneers, but when the line was drawn between the races, they were on the white side."**

Various authors have taken note of what I call historical Photoshopping, where so-called 'historians' pollute the environment with tales that slavery was economically inefficient and was really only about a few people having private servants and being 'the lord of the manor', or that the enormous increase in cotton-picking was not due to the increasingly brutal pressures ladled onto the backs of the slaves but to the emergence of new strains of cotton that almost picked themselves. Some claim slavery was actually in opposition to capitalism and was actually a kind of charity that "saved slaves from their own innate barbarity". Baptist wrote that the American economy was entirely built on "countless single acts of individual cruelty", and that is precisely correct. He said, "The idea that the commodification and suffering and forced labor of African-Americans is what made the United States powerful and rich is not an idea that people necessarily are happy to hear. Yet it is the truth." It is indeed the truth.

Kimberly Palmer wrote a review of Baptist's book in the Washington Times, in which she said: (108)

"Baptist takes apart the myths that our society has created to make us more comfortable with our slave-owning past. He begins with the biggest myth of all, that slavery was unprofitable, inefficient, and would eventually die off as it would be unable to adapt and to compete with industrialization. Unfortunately, there is absolutely no evidence that it was either inefficient or that it was dying out. On the contrary, the cheap and ready availability of stolen lands and easy credit due to creative financial instruments, combined with the slave labor that the laws allowed, encouraged and protected, led to a boom in cotton production that showed little signs of slowing by 1860. In 1860, the Southern slave labor camps provided 88 percent of the cotton used in Great Britain's cotton mills. Cotton had become the number one trading commodity of the entire world. It fueled the industrial revolution, feeding not just the cotton mills of Britain, but also the ones in towns like Lowell, Massachusetts. The cotton mills of Lowell were built with the profits made from the unpaid labor of African Americans in the slave labor camps. Cotton went from 14 percent of the total American exports in 1802 to 61 percent by 1860. The United States share of the worldwide cotton market climbed from one percent in 1801 to 66 percent by 1860." I would add that this rise in world market share from zero to two-thirds was entirely due to the Sam Walton effect: pay them nothing, and take over the world.

Baptist himself wrote in an article in Salon, that:

"We still lie about slavery ... the truth about how the American economy and power were built on forced migration and torture. All these decades later, our history books are filled with myths and mistruths. It is time for a true reckoning. ... historians of Woodrow Wilson's generation imprinted the stamp of academic research on the idea that slavery was separate from the great economic and social transformations of the Western world during the nineteenth century. Above all, the historians of a reunified white nation insisted that slavery was a premodern institution that was not committed to profit-seeking. This perspective implies ... that slavery and enslaved African Americans had little long-term influence on the rise of the United States during the nineteenth century, a period in which the nation went from being a minor European trading partner to becoming the world's largest economy.

... the worst thing about slavery as an experience, one is told, was that it denied enslaved African Americans the liberal rights and liberal subjectivity of modern citizens. It did those things as a matter of course, and as injustice, that denial ranks with the greatest in modern history. But slavery also killed people, in large numbers. From those who survived, it stole everything. Yet the massive and cruel engineering required to rip a million people from their homes, brutally drive them to new, disease-ridden places, and make them live in terror and hunger as they continually built and rebuilt a commodity-generating empire - this vanished in the story of a slavery that was supposedly focused primarily not on producing profit but on maintaining its status as a quasi-feudal elite, or producing modern ideas about race in order to maintain white unity and elite power. And once the violence of slavery was minimized, another voice could whisper, saying that African Americans, both

before and after emancipation, were denied the rights of citizens because they would not fight for them." (Salon; Sep 7, 2014) ([109](#))

In Counterpunch, in an article on December 31, 2015, **Ron Jacobs** wrote a review of the book *The American Slave Coast*, by Ned and Constance Sublette which, he says,

"describes a nation founded in genocide and maintained by an economy based almost entirely on the slave trade." He wrote: **"The history of the US is soaked in blood. More importantly, no nation has based its economy on the buying, selling and breeding of human beings other than the US. The decisions that went into this mode of operations were steeped in racism and based in greed.** The defining characteristic, however, was the pursuit of profit. Major legislation was looked at through the prism of how it would affect the human capital held by the slavers.

[The book is] more than a discussion of the economics of North American slavery. It is also a catalog of brutality, rape, sexual abuse, kidnapping and a multitude of other horrors associated with slavery. There were no humane slave owners; the very act of owning another human being is inhumane. The structure of slavery built in the US - a structure that intentionally bred humans to sell them for their labor in what they hoped would be a permanent situation - is beyond every definition of inhumane. One fact this book makes clear is that anyone who was involved in the financial markets or interstate trade in the United States was also involved in the industry of slave owning, breeding and trading. There was virtually no way around such complicity given the centrality of the slavers' system to the US economy. Indeed, at least a few of today's fortunes were made in the buying and selling of human beings." ([110](#)) ([111](#))

Thanks to the media, the so-called historians, and the willing collusion of publishers of history books, most Americans badly underestimate the proportion of the slave population in America. In all American states, slaves were at least 25% of the population and in many states higher than 60%, the high numbers of white and native slaves appear to not have been counted - or consciously excluded - in many studies. Since white women were seldom employed outside the home, and since all slaves including children were forced laborers, they would have formed the vast bulk of the working population in many states. The 18-hour workload and harsh treatment often resulted in a lifespan of only five to ten years, but slaves, especially the White slaves, could be cheaply replaced and slave girls and women were regularly forcibly impregnated from the age of 10 or 12 to produce at least several children each, who would also become slaves, thereby increasing the labor force without extra cost.

It wasn't only black slavery contributing to the formation of American wealth; there was also a substantial trade in both white slaves, primarily Irish, being shipped to the US, and American natives being enslaved by settlers as well as being shipped as slaves to Europe. In addition, there were millions of Chinese and Indians who were kidnapped and sold as slaves throughout the US and Latin America by the same slave traders. The truth is that almost immediately upon the discovery of the New World, Columbus and other Jewish

slave traders began capturing and sending large numbers of natives to the European slave markets. American history books omit this information because it conflicts with the Disney narrative of a Bambi-like America populated by a vast migration of oppressed peoples searching for freedom and opportunity. **American historians and the US government still adamantly refuse to face the harsh truths of the financial benefits of slavery to the white elite population and to the economic development of the nation.**

The propaganda machine tells us the US was a colony that had been founded on the principles of religious freedom and tolerance. But in modern American history, slavery was very clearly connected to the American pursuit of economic, political and cultural supremacy. Even the very first ships arriving in America as early as the 1500s were carrying slaves for the local market. Many historians estimate that at least 20 million Africans were kidnapped and transported to the US for the local and hemispheric slave markets, and when we consider the generally-accepted figure that only about 10% of the blacks kidnapped survived to actually arrive in America, that represents perhaps 200 million killed. The moral values that produced the slave trade, colonisation, and imperialism, were so embedded in the Judeo-Christian psyche that they persisted essentially unchanged for centuries and have by no means disappeared to this day.

Slavery was supposedly abolished by the end of the 1860s, but continued in other forms, and for another 100 years there was a huge backlash against black people resulting in terrorism, hangings, and countless laws intended to prevent economic and political competition by blacks. American slavery was based on a rigid religious sense of social class hierarchy, with nearly half of Southern US families owning slaves and their economic, political and social standing depending on their slave ownership. Most of them rigidly followed harsh forms of Judaism or evangelical Christianity, justifying their participation in slavery by obscure and false references to biblical tales, **especially Jewish and Christian theories regarding the basic inferiority of blacks**, and by claims that all great past civilisations engaged in slavery. Many also tried to impose their warped versions of religion on their slaves as a means of population control.

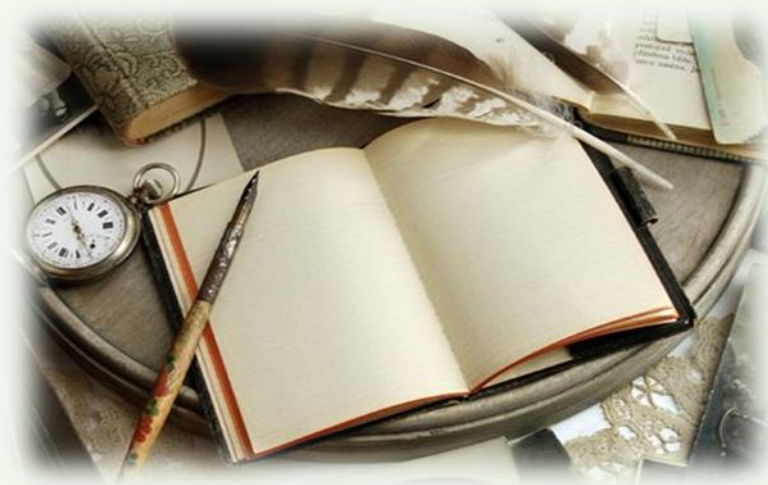
According to one historian, Blacks were, "hanged, burned, beaten, tortured, murdered, whipped, chopped up by human butchers who cut and mangle the slaves in a shocking manner on the most trifling occasions, and altogether treat them in every respect like brutes". They used to "drive nails into a hogshead so as to leave the point of the nail just protruding in the inside of the cask. They would then put a slave into the cask, nail the lid shut, and roll it down a very long and steep hill." The slave owners would flog them to death, until they were just one mass of blood and raw flesh, thinking nothing more of it than of a dog being killed. One author quoted from the personal diary of a man named Thomas Thistlewood, who was a plantation overseer in the US, and who describes his slaves being beaten and then having feces and urine forced into their mouths. One slave-owner told a visitor "Some Negroes are determined never to let a white man whip them and will resist you when you attempt it; of course, you must kill them in that case". Physical and sexual abuse of slaves was widely accepted and done openly. Female slaves were regularly raped by their masters and offered as treats to visiting friends. Fergus Bordewich, in a Wall Street Journal article, wrote: "Although the vast majority of the company's "human stock" would wind up in the cotton fields, many females, attractive mulattoes in particular, were destined for prostitution. In one of several letters that Mr. Baptist quotes, a company senior partner suggests matter-of-factly that two women he had recently

purchased "could soon pay for themselves by keeping a whore house ... for the Exclusive benefit of the concern and its allied agents."

The stories of the immense and heartless cruelty done by white Americans to their black slaves, would make you shrink in horror at the inhuman savagery of it all, but Americans have been so effectively overwhelmed by myth and ideology as to stubbornly insist that their country was founded on Christian values, on freedom and human rights. The Jewish-American congresswoman **Michele Bachman** made the unbelievably stupid claim that black slavery wasn't so bad because it gave children an opportunity to grow up in a "family environment", conveniently ignoring the facts that (1) family separation was intrinsic to the slavery process and (2) slaves were not permitted to marry, so the offspring of black females were generally the result of rape by white masters. Not exactly a family environment, Michelle, but thanks for the contribution.

Americans will tell you that the 13th Amendment of the US Constitution set the nation on a new morally-righteous course by outlawing slavery, but that claim is false. Slavery was never abolished in America. The 13th Amendment states clearly that slavery and involuntary servitude are permissible "as punishment for crimes", and that says it all. After this amendment, slavery continued in the US as before but with an altered structure. Prior to this, blacks, whites and native Indians were owned by their masters; after the amendment, they were free criminals being punished for crimes - the only useful difference being the change in name. Immediately upon the granting of their "freedom", those same people were rounded up as criminals and placed into the nation's new convict leasing system where they were treated as badly as before. New laws were immediately passed that would effectively criminalise blacks and other former slaves and permit their re-insertion into slavery. These so-called crimes were often so vaguely-defined as to be universal, as was their capricious and arbitrary enforcement. A theft of an item worth less than a dollar would result in a prison sentence of five years. For blacks and former slaves, vagrancy was a crime, as was 'wandering'. Looking at a white woman was a crime, possessing insufficient identification or proof of employment would result in a prison sentence, as would owing a debt or 'walking while being black'. Additional crimes were fabricated almost daily to justify the rounding up of the blacks - and many of the poor - into what could become a lifetime of indentured slavery. Laws allowed for police to "round up idle blacks in times of labor scarcity", providing employers the legal tools to prevent these slave workers from ever exiting the system.

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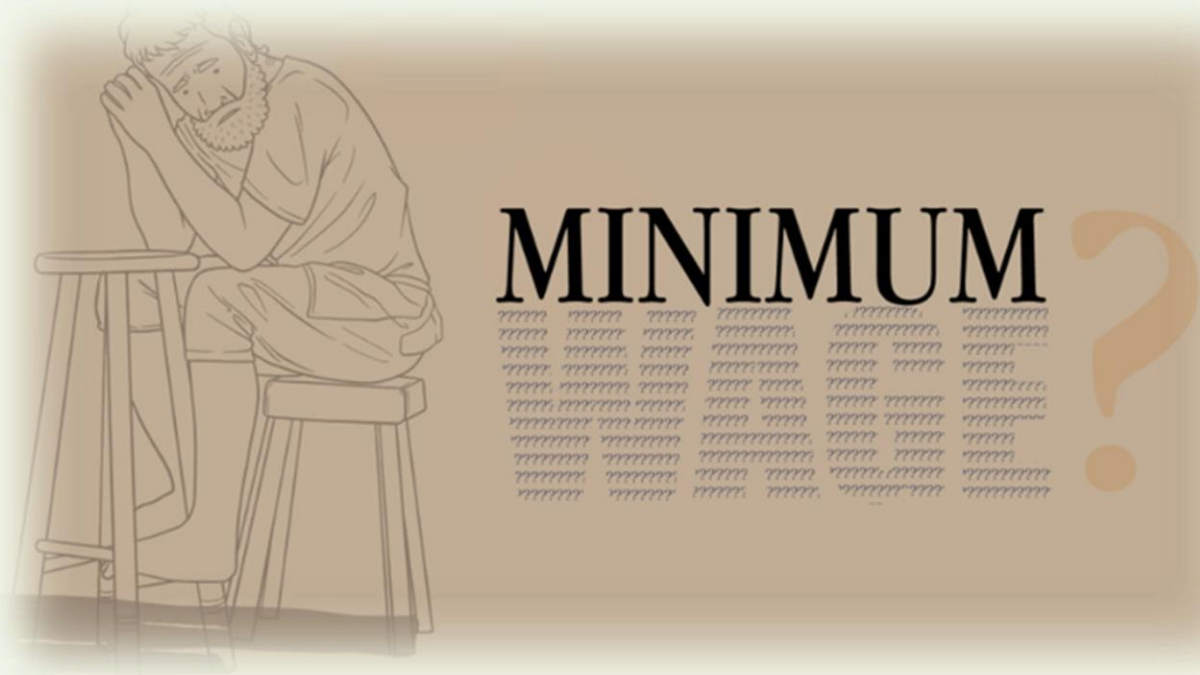
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Chapter 3 – Labor and Wage Theft



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Coca-Cola, Wal-Mart, Apple, Nike, Amazon, Starbucks

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A Brief History of US Labor

In contrast to most other industrialised nations, the US has never accepted the concept of labor unions, which were always described and denigrated in the US media as a kind of dangerous socialism that would exploit workers. But it was always true that it was

capitalism that exploited workers and socialism that attempted to protect them. Thanks to the media, most Americans today still have this understanding backwards from reality. In truth, from examining the historical record, it is abundantly clear that neither the US government nor its corporations have ever held workers or employees in much regard. There was a brief period after the Second World War during which enlightened corporate self-interest driven by fear produced a rather benign labor landscape, but that was only a kind of illusion which was dispelled by the 1980s when both government and capital reverted to their original colors. Beginning in the 1980s, the numbers of industrial private-sector workers with any kind of union fell by about 70%, largely through the harsh capitalist and legislative climate. The majority of American workers still wanted labor unions, but the anti-union conspiracy was too powerful.

Both the US government and corporations acted to infiltrate labor unions with corrupt politicians and other officials in attempts to destroy them from the inside. When those attempts failed and labor organisers showed signs of being successful, they were either simply murdered or framed and convicted of crimes, and often executed. The US government has for all of its history acted with absolute disregard for the law, whenever the law became inconvenient to the purpose at hand. One of these purposes was the crushing of labor, where the government frequently not only fabricated criminal charges against union organisers but convicted them under laws that had never existed. In one famous case, labor organisers trying to create a mine workers union in Pennsylvania were charged by the state with murder and conspiracy. When these charges failed to hold, the organisers and about a dozen union members were hanged for "obstinacy".

In February of 2015, Sam Mitriani wrote an informative article titled "The True History of the Origins of Police: Protecting and Serving the Masters of Society" ([1](#)), that reflected accurately the origins and applications of the American justice system. Here is a brief edited summary of his comments.

This liberal way of viewing the problem rests on a misunderstanding of the origins of the police and what they were created to do. The police were not created to protect and serve the population. They were not created to stop crime, at least not as most people understand it. And they were certainly not created to promote justice. They were created to protect the new form of wage-labor capitalism that emerged in the mid- to late-19th century from the threat posed by that system's offspring, the working class. Before the 19th century, there were no police forces that we would recognize as such anywhere in the world. Then, as Northern cities grew and filled with mostly immigrant wage workers who were physically and socially separated from the ruling class, the wealthy elite who ran the various municipal governments hired hundreds and then thousands of armed men to impose order on the new working-class neighborhoods. Class conflict roiled late-19th century American cities like Chicago, which experienced major strikes and riots in 1867, 1877, 1886 and 1894. In each of these upheavals, the police attacked strikers with extreme violence. In the aftermath of these movements, the police increasingly presented themselves as a thin blue line protecting civilization, by which they meant the bourgeois elite portion of civilization, from the disorder of the working class. This ideology has been reproduced ever since, and is still the foundation of American law and justice today, which is one reason corporate executives are virtually immune from prosecution for even the most egregious of crimes while the lower classes will suffer five years in a prison for a minor theft or smoking marijuana.

There was a never a time when the big city police neutrally enforced "the law" - nor, for that matter, a time when the law itself was neutral. Throughout the 19th century in the North, the police mostly arrested people for the vaguely defined "crimes" of disorderly conduct and vagrancy, which meant that they could target anyone they saw as a threat to "order." In the post-bellum South, they enforced white supremacy and largely arrested black people on trumped-up charges in order to feed them into convict labor systems. The violence the police carried out and their moral separation from those they patrolled were not the consequences of the brutality of individual officers, but of policies carefully designed to mold the police into a force that could use violence to deal with the social problems that accompanied the development of a wage-labor economy. The police were created to use violence to reconcile electoral democracy with industrial capitalism. Today, they are just one part of the "criminal justice" system that plays the same role. Their basic job is to enforce order among those with the most reason to resent the system.

One of the most famous American labor leaders was the Auto Workers' **Walter Reuther**, whose socialist views were anathema to the owners of General Motors and other automakers. At one point, while negotiating for worker safety and livable wages, Reuther was shot and seriously wounded in his home, that event followed by two more assassination attempts. Those were followed by the very suspicious crash of a private plane in which he was travelling. Reuther survived that one, but was finally killed in a second equally suspicious private plane crash. (2) (3) (4) As of the time of writing, the FBI still refuses to release hundreds of pages of documents relevant to Reuther's death (5). Aside from the deliberate killings and frame-ups, the US government, unique among nations, has a long and sordid history of using its military to suppress and brutalise its own citizens whenever they came in conflict with the capitalists who have always controlled the Congress and White House. It has also accumulated a history of equally sordid legislation designed to protect and enhance the profits of its corporate elite at the expense of the people of the nation. (6)

But if we look farther back, we can see the fundamental attitudes toward the non-elite that had been embedded in American capitalist and government DNA since the first days of the Republic. Prior to the late 1800s most people were either engaged in farming, owned a small shop or perhaps plied a trade like carpentry, blacksmithing or tailoring, the remainder eking a living from odd jobs and temporary employment. During this time a massive social change resulted when industrialisation finally took hold, with a large percentage of the public migrating to urban areas in search of employment and therefore shifting from independent farmers and micro-business owners to dependent full-time laborers. In this context, in the minds of both capitalists and government leaders, these workers and their desire for livable wages were the enemies of progress. During this period, workers were almost constantly and universally decrying their virtual wage slavery and lack of work safety while the government was equally universally and very callously employing the military to ensure the safety not of the workers but of the profits of capitalism.

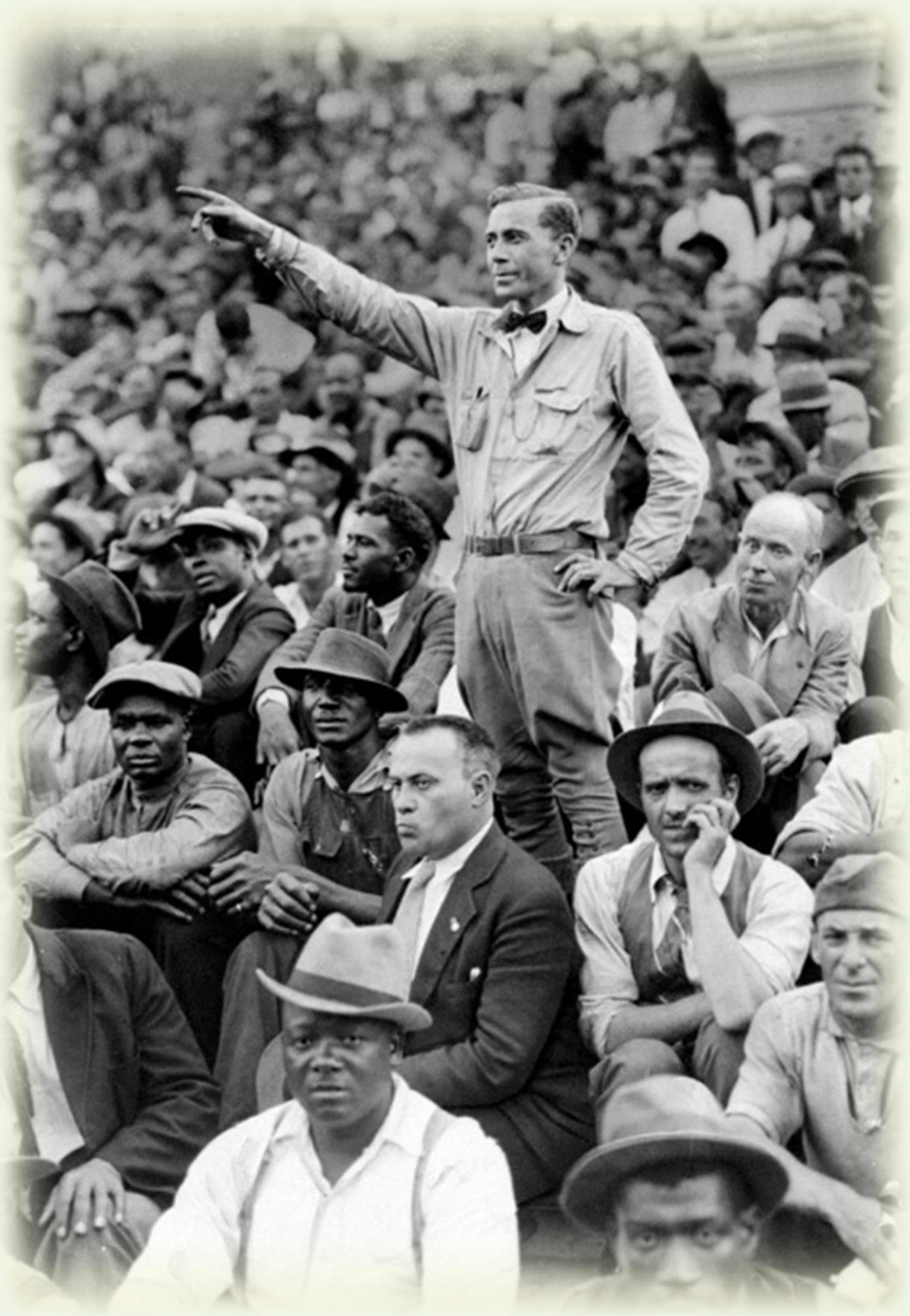
From the late 1800s, the US military was one of the main tools of worker suppression. In Chicago in 1894 US troops put an end to a strike by railway workers, by opening fire and killing dozens of workers. (7) (8) (9) Mining in the US was an extremely hazardous occupation for centuries as it still is today, with strikes by mine workers being especially common. In 1914, US troops opened fire on a group of striking mine workers in Colorado,

again ending the strike by killing the strikers (10) (11). A bit later, individuals trying to organise a labor union in a coal mine in Pennsylvania were shot and killed by the company management who were acquitted in a brief trial (11). Even the police were not immune; in 1919 a police strike in Boston was ended when the military was called in to violently end the strike, and many police officers were killed (12) (13). In the same year, a labor organiser in Washington was captured, tortured, castrated and then lynched. (14)



June 17, 1932 – Near the Capitol passes a protest of the “bonus expeditionary guard” in Washington

The military weren't immune, either. In 1932, as the Great Depression became severe, almost 50,000 veterans from World War I, marched to Washington to ask the government to pay a few years early the \$625 bonuses they had been promised (15) (16). The soldiers, most with their families, camped on some flat land near the Capital to raise sympathy for their plight, but sympathy was not forthcoming.



June 18, 1932 – Commander Walter Waters, head of the Bonus Expeditionary Guard, speaks to other demonstrators on the steps of the US Capitol after the Senate canceled the payment of cash bonuses. Source

Instead, **then-President Hoover** sent in the police, a move that resulted in brutality, violence, and quite a few deaths. When that failed, Hoover sent in the active military to disperse the 'dissidents', who had caused no trouble but only embarrassment to the government.



With bayonets, tear gas and tanks, the Army under the command of Douglas MacArthur, with his aide Major Dwight D. Eisenhower and tank commander, Major George S. Patton drove the remaining protesters from the Capitol area, and continued across the river to rout the 10,000 protesters who were still encamped on the Anacostia Flats. Source

The military, led by the great **General Douglas MacArthur** and assisted by **then-Major Dwight Eisenhower** (who would later become US President) and the pathologically-renowned **George S. Patton**, stormed the encampment, firing on the veterans and flooding the camp with tear gas, injuring several thousands and killing some newborn babies (17).



A war veteran and his wife huddle in the street the morning after the eviction of bonus-demanding veterans and the burning of their camp by government troops in Washington, D.C., July 28, 1932. He is sleeping on the sidewalk while his wife sits by wrapped in the blankets that comprised their sole belongings. (AP Photo). Source

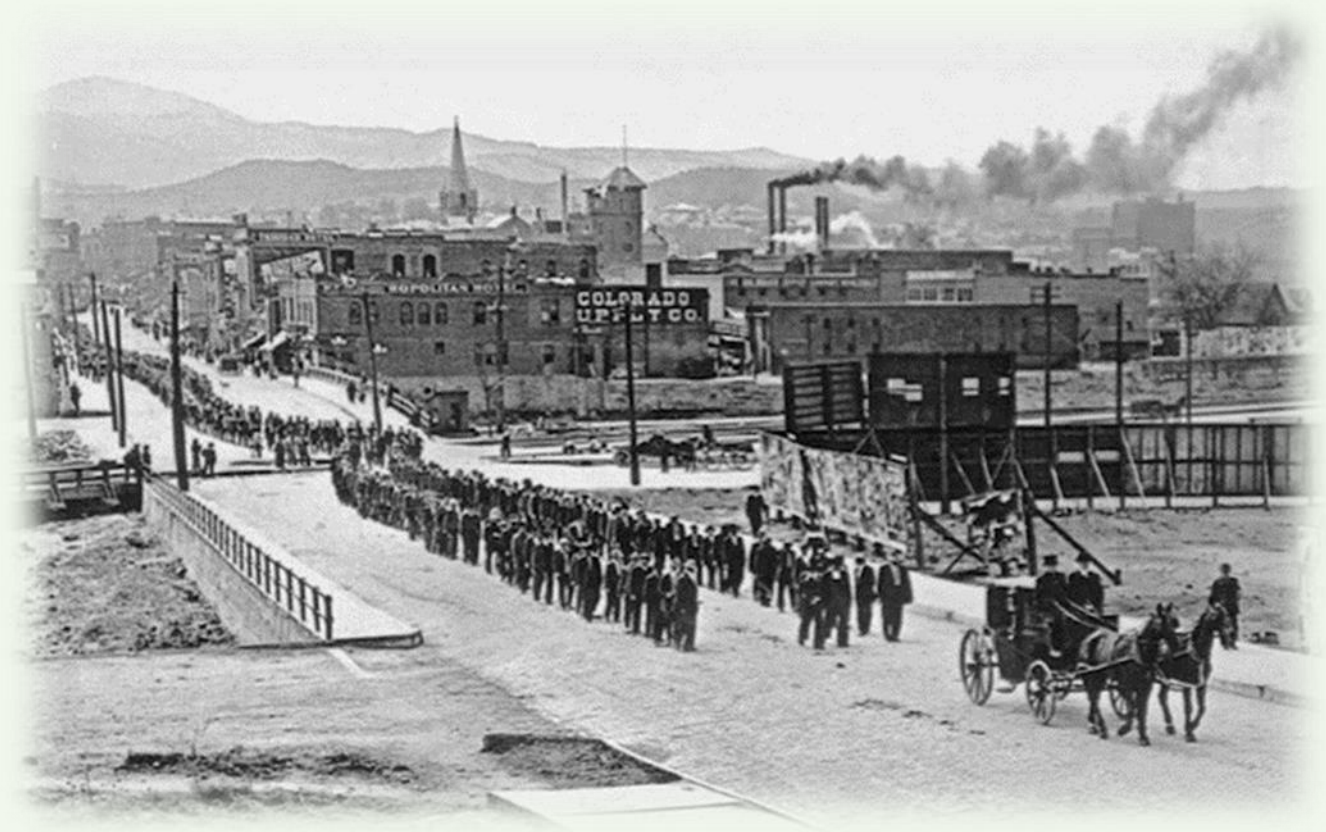
MacArthur was so determined to disperse his own former soldiers that he continued with the attack even after receiving an order from the President to cease. The veterans were dispersed and left empty-handed.

By the 1920s, US capitalists and the government had already developed nationwide plans to control workers and their wage demands, creating task forces whose duty was to identify and sabotage all union organisers and critics of capitalism and government. Many were imprisoned without charge and without access to legal counsel. The military had improved in efficiency as well, in many occasions now using bomber aircraft to attack

striking workers from the air. In one large miners' strike in West Virginia in 1921, several thousand soldiers carried on a shooting war with about 5,000 striking miners.⁽¹⁸⁾ When a clear victory seemed out of reach, the US government sent in thousands more troops and employed a chemical warfare unit in addition to bombers and fighter aircraft ⁽¹⁹⁾ ⁽²⁰⁾. When the strikers finally surrendered, the survivors were charged with treason and

imprisoned. In 1930, hundreds of farm workers were beaten and arrested in California for attempting to form unions, and convicted of "criminal socialism" (21) (22). There are many dozens of examples spanning many decades, of the US military brutally and violently terminating labor strikes by killing the strikers.

It wasn't only the US military that was engaged in these atrocities. Many large corporations supported standing armies of their own to be used against striking workers, John Rockefeller being one of the worst, but by no means the only example. In 1927, striking miners at one of his mines in Colorado were massacred by his private army using machine guns. (23) (24) (25) Two years later in North Carolina, more groups of striking textile workers were ambushed and murdered (26) . A few years later, more than 500,000 mill workers went on strike in South Carolina, a strike that was so violently suppressed by both US military forces and private armies that no one dared try to form a union for another twenty years (27) (28) (29). In 1935, striking electrical workers at a plant in Toledo, Ohio were attacked and killed en mass by more than 1,300 US troops including eight rifle battalions and three machine gun battalions (30) (31) . A year earlier, police in San Francisco shot and killed many dock workers during a strike, shootings so outrageous as to provoke a general strike in the entire San Francisco-Oakland region (32) (33). The media were already playing their part by claiming that "communist agitators had seized control of the city".



This 1914 photo provided by the Denver Public Library, Western History Collection, shows the funeral of Louis Tikas with thousands of fellow miners accompanying his body.

One particularly infamous event known as the **Ludlow Massacre**, involved a strike by coal miners against the inhumanity of the Rockefeller family owners, one of the most brutal attacks on workers in North American labor history (34) (35) (36) (37) (38) (39) (40) . For background, the workers were forced to work in extraordinarily harsh and dangerous

conditions where fatality rates were very high and wages low. Further, the workers were not paid in cash but in paper scrip which could be spent only in the company-owned store that carried very high prices. The mine workers succeeded in organising a labor union that then attempted to institute safety regulations and have increased wages paid in real money. These safety and wage problems had already existed throughout American industry for many decades, but the industrial elites and the government even then were firmly united against laborers and the poor.



This 1914 photograph, courtesy of the Denver Public Library's Western History Collection, shows children and some adults posing for a photo at Camp Ludlow in south-central Colorado. Two women and 11 children died in a camp fire during fighting between the Colorado National Guard and striking coal miners.

In this case, tensions reached a peak when a union organiser was killed by the mine managers, resulting in a widespread general strike against the Rockefeller mining interests and the installation of the labor union. Rockefeller, who controlled much of the region through his mine ownerships, was outraged at the union's demands, and evicted all the miners from their company-owned houses, leaving them and their families homeless in a wilderness area in the middle of a harsh winter, beginning a seven-month program of continued brutality and repression. **The Rockefellers, as did so many other large US corporations in those days, took an astonishingly aggressive stance against the striking workers, hiring hundreds of armed thugs to harass, beat and kill. Rockefeller obtained armored cars mounted with machine guns to drive through the tent areas where the miners were camped and strafe the tents with gunfire, killing many workers and their children.** Union members and organisers were kidnapped and beaten. When the private army proved insufficient to destroy the strikers' will, Rockefeller arranged for the government to send in the National Guard that continued the same belligerent and violent policy. **Finally the government ordered the National Guardsmen to empty the miners' camps, which they did by entering the camps**

with massive firepower and machine-gunning the encampment in a battle that lasted for almost 14 hours.

One miner approached the National Guard headquarters to attempt the negotiation of a truce, but he was beaten and filled with bullets. **That night, Guardsmen entered the encampment and set fire to a number of tents, burning alive many women and children, and shooting dead many others attempting to escape. As news of this massacre spread, workers all across the US went on a national strike, but in the end the power of money and the vicious brutality of the US government were supreme, and the workers failed entirely. No one was ever charged with the murders or other crimes.**

Rockefeller wasn't the only elite capitalist to have his own private army (41) for dealing with his workers. **Cyrus Eaton**, who owned the Republic Steel Company, deserves special notice, even in a nation dominated by ruthless criminal capitalists, for his tendency to shoot and kill anyone attempting to form a labor union. His company maintained an armory of weapons that included military-grade firepower plus tear gas and other weapons. During one strike, when police proved unable to disperse the strikers with multiple arrests, Eaton's army moved in with guns, tear gas and clubs, leaving many workers dead and injured, many of the dead having been shot in the back (42) (43) (44) . I mentioned earlier the death of the Auto Workers' Walter Reuther, but his prior life was similar to its end, where in one case he and his staff were severely beaten by the Ford auto company's private military (45) (46). The Carnegies and other rich American elite industrial families all fit this same mold (47) (48).

Repression in the US has always had a different flavor than in other nations. In America, any corporation with the ear of the government could count on the assistance of the US military to support their predatory human practices, but they could also form their own private military that would operate with almost total immunity when dealing with the working poor. For those companies without an army, there was a third option, this infamous source of brutality toward unhappy workers being the Pinkerton Detective Agency (49) (50) (51) which, at the height of its power was the largest privately-owned law enforcement agency in the world, employing more men than the US military itself. **During this period, corporations would hire the Pinkerton agency to infiltrate unions, intimidate workers and confront strikers with military-style violence.** This firm was bitterly hated by almost everyone who wasn't a major industrialist, the mayor of one US city describing Pinkertons as follows: "They are a horde of cut-throats, thieves, and murderers and are in the employ of unscrupulous capital for the oppression of honest labor."

The problems with low wages, inadequate or non-existent worker safety, long working hours, the lack of medical care especially for work-related injuries, continued to build until 1945. During the Second World War, wages in the US were frozen while corporate profits reached extremely high levels, which situation created intense bitterness and resentment among industrial workers. During this 5-year period - when strikes were banned because of the war effort - the US experienced more than 14,000 strikes involving almost seven million workers, mostly in the mining, steel and auto industries. Usually, President Roosevelt called in the military to forcibly put down these insurrections.

These labor problems increased after the war, when the wartime wage freezes and bans on strikes were removed. The first six months of 1946 was a period the US Labor Department now calls "the most concentrated period of labor-management strife in the country's history", (52) (53) (54) when virtually the nation's entire workforce finally rebelled against decades of brutality and injustice. American workers en masse and in totality, filled with rage and frustration at their system-induced misery, finally reached the point where they were defiantly unwilling to slave in dangerous and low-paid occupations while the corporations and their elites celebrated unprecedented and stratospheric profits. In January of that year, 200,000 electrical workers called a strike, followed by 100,000 meatpackers and a few days later almost a million steelworkers staged the largest strike in US history. This was quickly followed by several hundred thousand coal miners striking and disrupting the electricity supply for much of the nation, immediately followed by many hundreds of thousands of railway and oil industry workers. The US government, true to its roots, used the military to take control of all these industry locations and President Truman threatened publicly to hang these striking workers (55) (56) (57) whom he called traitors, and for whom he proposed severe criminal penalties. It was in this environment of unprecedented social unrest that Walter Reuther finally met his end.



Mediators consult with the union(Original Caption) Conferring on the United Auto Workers strike at the Ford Motor Company plant in River Rouge are: seated left to right, James F. Dewey, U.S. conciliator; R.J. Thomas, UAW-CIO international president; August Scholle, Walter Reuther and Maurice Sugar, CIO representatives; the Rev. Albert J. Poetker, state mediator; Leo F. Addes, from the CIO. From left to right, Michael F. Widman and Richard T. Leonard, IOC representatives; Thomas J. Donahue and John D. Lynch, state mediators. [Source](#)

Then, and almost suddenly, the climate changed, due primarily to the very real fear among the elite of a second American revolution. These circumstances of resentment and revolt

were so widespread as to have rapidly created a society so unstable it had become ungovernable, with the nation in anarchy and facing an imminent economic collapse. It was this that forced a revision of the social contract with new norms that included a minimum wage and regular workweek along with regular and increasing wages and the expectation of steady and perhaps permanent employment. Holidays, health care and other benefits were eventually added. **It was this new social contract of labor stability, increasing real wages and narrowing income disparity that produced the superior economic performance the US experienced for almost forty years. It was this increased labor consistency and wage equity producing the vast improvements in wages, working conditions and social equity that permitted even factory workers for the first time in history to own homes, cars, boats, and to take regular vacations.**

Perhaps even more importantly, this huge adjustment in the social contract, and the increased wages, produced for the first time in American history a widespread access to higher education for children of the middle and even lower the class, since American families with a living wage from employment could afford to abandon the meager income from child labor and leave their children in school. The people were filled with suddenly boundless expectations for the future as this fundamentally socialist approach produced a thriving American economy simultaneously coupled with transforming technological developments. **It was these children born during and after the Second World War, the first generation of Americans who grew up in an atmosphere of hope.** It was this context that produced poll results for the first time in American history where citizens reported increasing hope for the future and expected their children's lives to be better than their own. **None of these sentiments existed on any scale prior to this quasi-revolution. It was only the universal and almost uncontrollable labor revolt and genuine fear of a widespread and total public uprising that produced these massive social changes that resulted in the creation of the American middle class.** All this was the result of America's brief transformation from a brutal "free market" capitalist society to a socialist democracy. **But it wasn't to last.**

In typical American style, having been forced to abandon their sins, the elites not only took credit for their new excess of Judeo-Christian virtue but began to propagandise yet another historical myth with America suddenly being redefined as the land of opportunity, **and thus was born the American Dream.** It was all propaganda. American workers went in short order from being some of the most abused and brutalised laborers on the planet to those for whom life suddenly contained more than hopelessness and drudgery, **and the propaganda machine, led by Hollywood, went immediately into high gear to convince Americans that things had always been this way - good, and improving.** And they didn't stop there. The Dream expanded by the year, rapidly leaving behind thoughts of valuable but boring regular jobs to be replaced with dreams of riches and success that were possible in no other nation. And of course, the elite capitalists were busy plotting to relieve this new middle class of all its money by promoting consumerism and a 'standard of living', **firmly entrenching the consumer society as a way of life.** It was all a hoax generated by a massive propaganda campaign perpetrated on a gullible public to replace revolutionary resentment against the elites with false hope for a fictitious future.

This 'golden era of labor', the new social contract and the attendant propaganda were not only a hoax and a myth but also a mere temporary diversion while the elites regrouped and rebuilt their political and military strength that had served them so well for so many prior decades. The elites and their secret government were never pleased with the financial sacrifices they had made in sharing money with the peasants of America, and the situation could never have lasted. Many authors and historians today agree that an operative plan exists to eviscerate the US middle class. Their conclusion is correct but many miss the essential flavor which is that the top 1% are not stealing money from today's middle class; rather, they are reclaiming what had always been theirs. Their generosity in sharing wealth with the peasantry, and thereby creating America's middle class, was an anomaly forcibly thrust upon them which they are now reversing by recovering all that wealth still residing in the middle and lower classes. In simple terms, they want their money back. Plans to bring to an end all that peasant happiness and confidence in the future, and to loot all those middle-class bank accounts, had already been made during the 1970s and were enacted with a vengeance when the US FED engineered the vicious recession in the early 1980s. And that was the beginning of the end. The 2008 financial crisis, also engineered by the FED, was the middle of the process. The end is still to come, and wage theft is one method of accelerating it.

Then we had **Paul Krugman**, in an article in the *NYT* on March 2, 2015:

"Then there's history. It turns out that the middle-class society we used to have didn't evolve as a result of impersonal market forces - it was created by political action, and in a brief period of time. America was still a very unequal society in 1940, but by 1950 it had been transformed by a dramatic reduction in income disparities, which the economists **Claudia Goldin** and **Robert Margo** labeled the **Great Compression**. How did that happen? Part of the answer is direct government intervention, especially during World War II, when government wage-setting authority was used to narrow gaps between the best paid and the worst paid. Part of it, surely, was a sharp increase in unionization. Part of it was the full-employment economy of the war years, which created very strong demand for workers and empowered them to seek higher pay. The important thing, however, is that the Great Compression didn't go away as soon as the war was over. Instead, full employment and pro-worker politics changed pay norms, and a strong middle class endured for more than a generation. Oh, and the decades after the war were also marked by unprecedented economic growth." (58)

I find it astonishing that Krugman should be so ignorant about his own country's economic history. He not only has his facts wrong, but his understanding of events appears pre-pubescent at best, then he finishes by trivialising with a foolish comment one of the most important economic events in American history: "Oh, and the decades after the war were also marked by unprecedented economic growth."

James Petras categorises this time as **The Great Transformation** (59), when the US government, the FED, the bankers and the large multinationals took their alarming ideological turn to the extreme right. As you will see a bit later, this was when labor became disposable and the social contract between employer and employee was terminally

severed along with all pretensions of loyalty, but this trashing of the social contract was not a result of the recession. Instead, **it was the purpose of Volcker's deliberately-engineered recession to facilitate the unilateral rewriting of the contract.** It is important to understand that the severe economic contraction in 1983 was not an accidental disaster resulting from mysterious market forces; **it was deliberately engineered and executed by the elites, by the US FED and the Jewish European bankers who own the FED. Paul Volcker, as Chairman of the FED and acting under instructions, induced yet one more savage recession precisely intended to rewrite the entire financial and corporate landscape as well as trashing the social contract that had existed for forty years.** (60) (61) (62) (63)

The plans for destroying the post-war social contract and reconfiguring the economic landscape were being made and put into effect almost immediately after the contract was first written. The economist **Edwin Dickens** examined records of the meetings of the FED's Open Market Committee from the 1950s to the present, with his analysis proving the FED's actions were consistently intended primarily to benefit the top 1% by creating conditions to make workers more insecure and therefore more compliant in terms of wages and working conditions. He identified repeated occasions where the FED deliberately contracted the money supply and credit immediately prior to the expiry of major union contracts, intending this to drive down wages and benefits during the impending negotiations. **John Maynard Keynes was warning the world about the FED and other private central banks when he wrote "the object of credit restriction is to withdraw from employers the financial means to employ labor at the existing level of wages and prices ... intensifying unemployment without limit, until the workers are ready to accept the necessary reduction of money wages under the pressure of hard facts."** (64) In other words, class warfare. Contrary to propaganda and popular belief, the US FED's policies have never been a matter of monetary discipline, but of class discipline through control of labor. It should be obvious that the FED executing policies to maintain full employment would be self-defeating since it would serve only to create class conflict between capital and labor, at least in America's predatory style of capitalism. **"The Federal Reserve serves the needs of the powerful. Its role is to protect capital against the interests of labor. In order to maintain labor discipline, the Federal Reserve Board is entrusted with the task of maintaining a level of unemployment high enough to keep workers fearful of losing their jobs."**

Upon his appointment as Chairman of the Federal Reserve, Volcker announced a determination to break inflation, but his real determination was to permanently break the back of labor. Volcker literally launched a class war on the working lower and middle classes of America, fully intending to spill blood. His pronouncements about fighting inflation - which the FED itself caused, but which was now being blamed on labor - was propaganda meant only to silence the masses and keep them ignorant of the vicious assault he was planning against them. **His first act was to tighten the money supply to such an extreme that he immediately plunged the country into the worst economic downturn since the Great Depression, and let up only when the entire US financial system was itself threatened.** During all of this blood-letting, Volcker's only interest appeared to be the terms of labor contract demands and settlements. His only determination was that wages would fall, stating repeatedly that "The standard of living of the average American has to decline" (65) (66) (67). **The corporate elites - the top 1% and the bankers - were increasingly laying fictitious blame on domestic wages, but it was only greed from the memory of past unconscionable profits that was driving them.** Business Week inadvertently identified the class-war nature of

Volcker's actions when it stated in an editorial, "Some people will have to do with less. Yet it will be a hard pill for many Americans to swallow - the idea of doing with less so that big business can have more" (68) . And that was the entire story.

Michael Mussa, director of the IMF's research department, highly praised Volcker's approach, writing, "The Federal Reserve had to show that when faced with the painful choice between maintaining a tight monetary policy to fight inflation and easing monetary policy to combat recession, it would choose to fight inflation. In other words, to establish its credibility, the Federal Reserve had to demonstrate its willingness to spill blood, lots of blood, other people's blood." (69) And spill "other peoples' blood", he did. **By the time Volcker was finished, millions of manufacturing jobs had disappeared, wages had dropped by 30% or more, and the industrial Midwest never recovered.** Another arrow in his quiver was deregulation, intended to further lower wages and break the back of US labor. As one columnist wrote, "Interestingly, the intended enemy of this war - the workers - went unmentioned in this recollection, as did the collateral damage to farmers and the Latin Americans. But what had workers done to make the state treat them as enemies? Were these people culpable of some evil act for wanting more than a pittance?" When Obama remarked in a recent speech that "starting in the late 1970s, the social contract began to unravel", he was fully aware of the causes but chose not to state them.

There was once an amusing cartoon series in the US titled 'The Wizard of Id' in which, in one cartoon some poor peasants accosted the King to ask, "We thought you declared a War on Poverty", to which the King replied, "I did". The peasants then asked, "Why are we still poor?", to which the King replied, "Because you lost". And that perfectly reflects Volcker's beginning of the Great Transformation. **And while the proletariat were licking their wounds and contemplating their new proximity to poverty, the American bourgeoisie, the top 1%, were equally as successful in re-applying those stolen wages to more useful purposes. This is why the top 1% captured virtually all income and asset gains since that time and why corporate executive salaries grew from ten times that of the average worker to several hundred times that level. CEOs who had once earned \$300,000 per year were now earning \$20 million, often being rewarded more for incompetence than ability.**

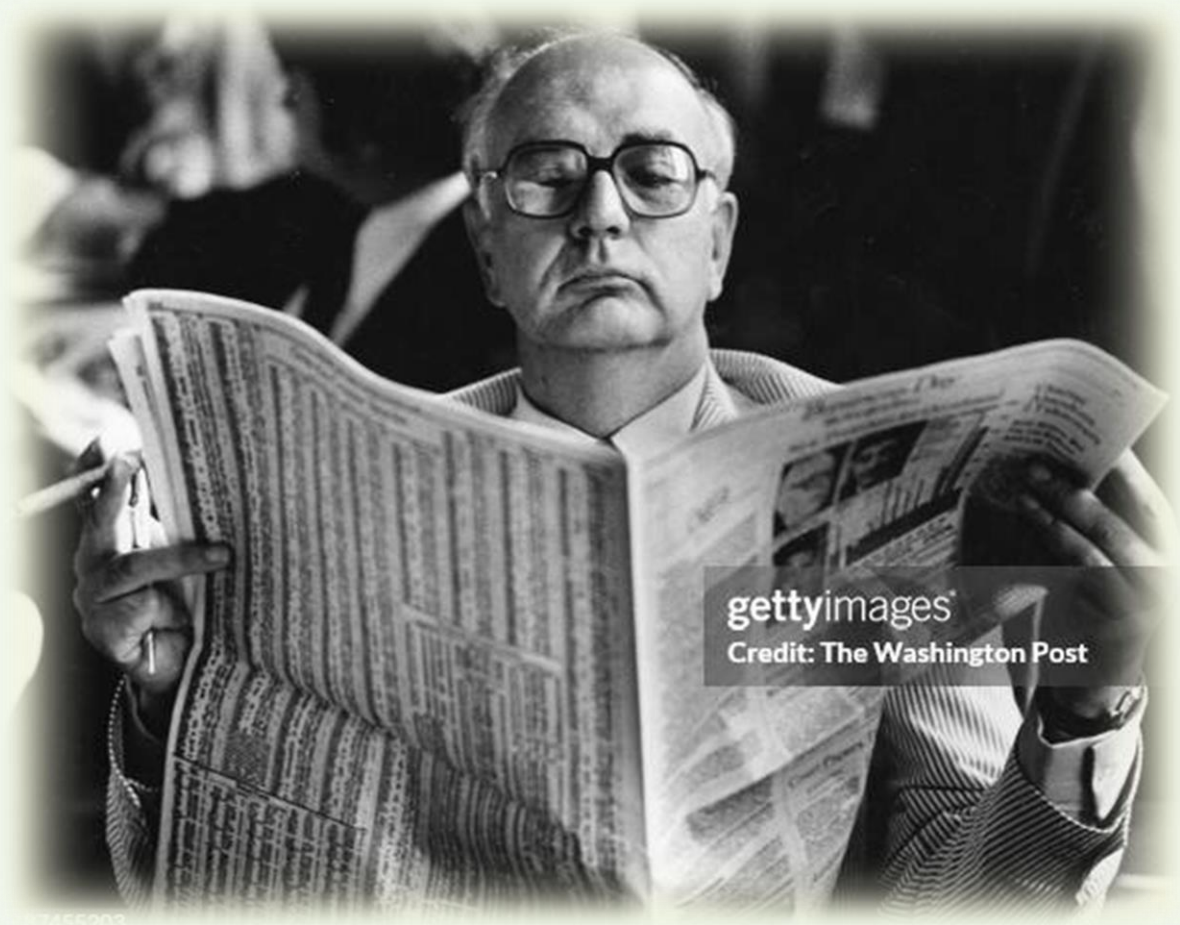
In what should have been a stunning condemnation of American capitalism, a study by Michael Jensen of Harvard's Graduate School of Business showed that 95% of all CEO contracts provided enormous severance packages even for executives guilty of fraud or embezzlement (70). In one typical case, after announcing that under his leadership Merrill Lynch had lost \$8 billion in one quarter, Stanley O'Neal was 'terminated' with more than \$160 million in stock, options, and other retirement benefits (71) . And **Warren Buffett** told his shareholders, "Getting fired can produce a particularly bountiful payday for a CEO. Indeed, he can 'earn' more in that single day, while cleaning out his desk, than an American worker earns in a lifetime of cleaning toilets. Forget the old maxim about nothing succeeding like success: Today, in the executive suite, the all-too-prevalent rule is that nothing succeeds like failure." (72)

Until the late 1970s, Americans had better lives with their comfort and financial security having greatly increased, with family incomes doubling or tripling since the revolutionary

turmoil of 1946. Then, thanks to the US FED and its friends and owners, the party was over. Wages fell, household incomes dropped, prosperity slowly evaporated, and both the American middle class and the American Dream were on their way to extinction. Few realised at the time that Volcker's recession was not a temporary anomaly as other recessions had appeared to be; this one was a permanent and on-going assault.

John Kennedy was famous for saying that a rising tide lifts all boats but, as someone wrote, this time "a growing number of boats have been chained to the bottom". And that has proven true. Since then, productivity has risen markedly while wages remained stagnant and even falling. Good jobs have increasingly disappeared to be replaced by low-wage employment. Benefits have been drastically cut and employment has become much less secure. It began with the destruction of labor and deregulation, continued with globalisation and outsourcing, and progressed to financialisation and what we call "Wal-Martisation" and the Task Rabbit economy - the replacement of well-paying full-time employment with part-time poverty.

By the early 1980s, the Treaty of Detroit had been unilaterally repealed and the golden age of labor was at an end.



WASHINGTON, DC – AUGUST 5: Federal Reserve Chairman Paul Volcker reading the financial page as he waits for a hearing in Washington, DC on August 5, 1980. (Photo by James K. W. Atherton/The Washington Post via Getty Images)

"If Volcker's and Carter's attacks on unions were indirect, Reagan's were altogether frontal (73). In the 1980 election, the union of air-traffic controllers was one of a handful of labor organizations that endorsed Reagan's candidacy. Nevertheless, they could not reach an accord with the government, and when they opted to strike in violation of federal law, Reagan fired them all. Reagan's union busting was quickly emulated by many private-sector employers." And indeed, virtually every large corporation followed Reagan's lead by deliberately forcing strikes as a tool to destroy their unions. As one author noted, "the age of broadly-shared prosperity was over". As was corporate loyalty. At the beginning of the 1980s, a Conference Board survey found that a majority of executives agreed on the importance of employee loyalty and that it should be rewarded, but only ten years later, only 5% held this opinion. **Jack Welch**, the CEO of GE, was quoted as saying, "Loyalty to a company is nonsense", and made clear that in the future his firm would be rewarding only stockholders and not employees. Under Reagan, the deregulation of the corporate and labor markets was intended to facilitate the destruction of what we can call the 'job for life' social contract and to remove labor unions from the landscape altogether. It eased the transition to out-sourcing and the final de-industrialisation of the US economy as well as severely weakening the power base of the political Left. All of this was intended only to resurrect the slave labor landscape of the 1920s and prior, to turn American labor into a powerless, odd-job, Task Rabbit contract-employee society.



Job seekers line up to apply for positions at an American Apparel store April 2, 2009, in New York City. (Photo: Mario Tama/Getty Images News/Getty Images)

In 2013 **Robert Kuttner** wrote a thoughtful and intelligent article titled '**The Task Rabbit Economy**' (74) , in which he described the pathetic labor situation in the US today, the plight of perhaps 40 million Americans having been reduced to part-time, casual, occasional and odd-job labor in order to survive. In his article he included this sentence: "As we try to figure out why the United States is becoming an economy of ever more casual employment and how to reverse this trend, we had better get the answers to these

questions right." **I feel sorry for Mr. Kuttner; he looks, but he doesn't see.** In spite of all the facts confronting him, he still wants to believe that this destruction of labor in America was some kind of unfortunate accident which his government and politicians desperately want to repair. But the truth is they don't want to repair it. They caused it. They brought it about. They wanted it to happen, to return American labor and capital to the pre-war condition; the FED-induced recessions, perhaps especially those of 1983 and 2008, were meant to facilitate this reversion. This transformation is not yet complete; there is more to come.

We need only look at the historical record to realise the changes were too drastic and too widespread to have resulted naturally from a simple economic downturn. Almost as soon as the recession hit and millions of people were losing their jobs and homes, the large corporations, as if on command, leapt into the process of suddenly terminating millions of employees and rehiring them as contract workers. That was neither accidental, nor a result of economic hardship and necessity; it was part of the plan to return to the pre-war status of capital-labor relationships and income disparity. And it succeeded. The top 1% have captured virtually all of the income gains since 1980 while at least half of the middle class has become impoverished and descended into the lower class, with the planned income disparity in America today approximately equivalent to that of many nations in Central and South America. One columnist stated the situation perfectly when he wrote, "Only if the suppression of labor's power is made part of the equation can the overall decline in good jobs over the past 35 years be explained. Only by considering the waning of worker power can we understand why American corporations, sitting on more than \$1.5 trillion in unexpended cash, have used those funds to buy back stock and increase dividends but almost universally failed even to consider raising their workers' wages." (75) His assessment is 100% correct.

Psychologists know that dread - the anticipatory fear of an event - can produce more anxiety and can, if prolonged, be even more damaging, than the event itself. They also know that the loss of a job is one of the most damaging experiences to the human psyche, often worse than a divorce or the loss of a limb. In these latter cases, the psyche recovers, even if slowly, and the victims return to normal. But unemployment carries more arrows with which to wound, one of these being a degradation of social and financial status. Spouses and children often suffer wrenching emotional distress from losing their standard of living and the consumption level they had enjoyed. This is especially true in the moralistic and judgmental Christian society of America where 'winners' are idolised and 'losers' are despised. **Richard Layard**, a highly-respected British economist, wrote that unemployment was a very special problem that "hurts as much after one or two years of unemployment as it does at the beginning". What this means is that if workers generally have a fear - a dread - of becoming unemployed, any drop in employment rates will likely silence their discontent. They become malleable and compliant, non-complaining.

And of course, this psychological knowledge didn't escape the attention of the US FED, and formed a pillar of US economic policy when **Alan Greenspan** was Chairman of the FED, speaking of what he called the "traumatized worker" (76), referring not to those unemployed but rather to those with a fear of unemployment. As **Robert Woodward** reported, Greenspan saw the traumatized worker as "someone who felt job insecurity in the changing economy and so was resigned to accepting smaller wage increases. He had

talked with business leaders who said their workers were not agitating and were fearful that their skills might not be marketable if they were forced to change jobs."

In testimony to the US Congress, Greenspan said bluntly that "The rate of pay increase still was markedly less than historical relationships with labor market conditions would have predicted. Atypical restraint on compensation increases has been evident for a few years now and appears to be mainly the consequence of greater worker insecurity." It was due to this fear and the consequent gutting of American employment that wages stagnated and that both corporate profits and income inequality soared to such heights in the US, much the same as in the early 1900s and during the Second World War when wages were frozen while corporate profits were not. Of course, Greenspan wasn't blind to the causes of the enormous increase in income disparity but, evasive and dishonest as always, he claimed that "There is nothing monetary policy can do to address that, and it is outside the scope, so far as I am concerned, of the issues with which we deal." Of course, that was a big lie since not only was the FED primarily responsible for the income disparity, it deliberately created the conditions to bring about its occurrence. Massive income disparity in America was not an accident. It was a plan. In fact, it was exactly the same plan George Kennan outlined in 1948 for the US versus Asia and the world, with the fruits of Kennan's international income disparity plan flowing to precisely the same people - the same 1% - as the domestic fruits of the plans of Volcker and Greenspan. And just as in the century prior to the 1940s, the American government, driven by commitment to the top 1%, uses its military power to suppress dissension. **Today it is militarised police forces and the Department of Homeland Security instead of the regular military, and Occupy Wall Street instead of striking coal miners, but all else is the same.**

In this new race to the bottom, some parts of the US have already successfully reverted to the identical labor situations that existed there 100 or more years ago, corporate farms in Florida being one typical example. Florida agriculture, dominated by huge agri-business firms, is a multi-billion-dollar industry that is highly labor-intensive and relies on the most ruthless exploitation of domestic and foreign workers ([77](#)). The day begins at 4:30 AM and includes at least ten hours of work in 90-degree heat with back-breaking work and exposure to dangerously high levels of pesticides. Workers must pay \$50 per night to sleep in roach-infested slave camps and must pay high charges for food and other essentials; they work under the supervision of armed guards and are not permitted to leave. Many of these camps are surrounded by high fences topped with razor wire just as in prisons, and many have been whipped, raped and threatened with death if they attempt to leave the camps. This industry is of course illegal, but is widespread and ignored by the US government. It is also exacerbated by corporations like Wal-Mart and the huge supermarket chains ruthlessly using their buying power to drive down wages and destroy working conditions. With circumstances such as these existing in so many parts of the US today, we have no doubt about the terms of the new social contract in today's America.

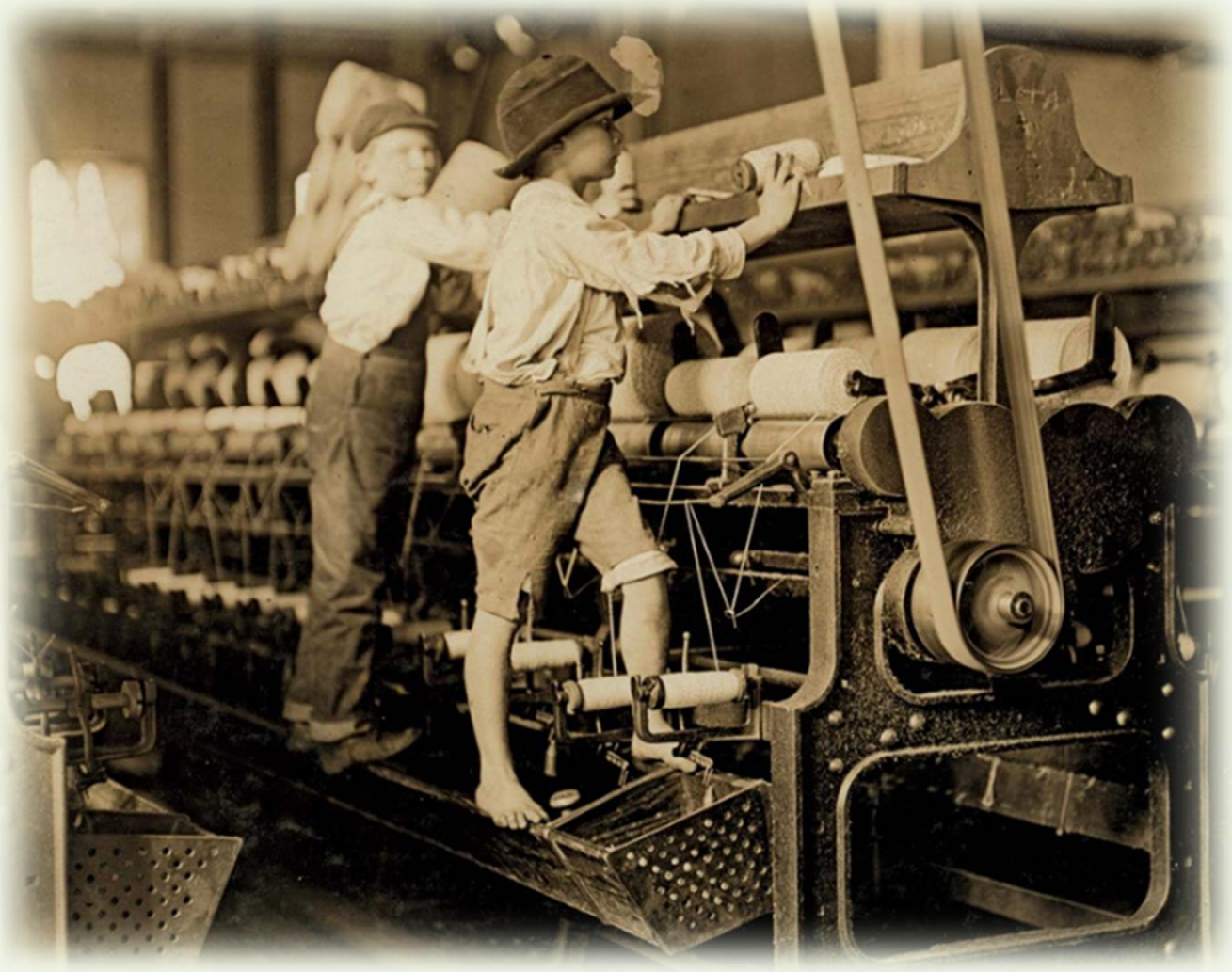
Just so it doesn't go unmentioned, the US wasn't the only country where the American government has employed these tactics in the past and still freely employs them today. The US has often sent its military to invade other nations on the pretext of defending democracy or 'protecting American interests', but in reality using the US military to violently put down strikes at American companies throughout Central and South America as well as in Asia, and including China. I have elsewhere included a list of US military interventions, which contains official reasons for each item, listing causes like "protecting

American interests, suppress civilian general protest strike, battle civilians during anti-US protests, put down anti-American business protests, control anti-American civilians, war against civilians to protect dictator". All of these and more were purely commercial endeavors, with the top 1% using the public power of the US military as a private tool to brutally enforce what was effectively slave labor by American companies owned by these same people in dozens of nations. I have already written of General Smedley Butler's claims that he and his US marines were busy for decades acting as murderous gangsters for American capitalism and its bankers. This is what he was talking about. It was for this reason the US began supplying its 50 or so brutal puppet-dictators with high-grade weapons and civilian suppression training - to save the US military the expense and trouble of repeatedly invading these nations to put down civilian labor protests against the inhumanity of American multinationals and international bankers. This is yet one more way the US became rich - by using its military to enforce a virtual slavery on the working populations of dozens of poor nations. When I wrote earlier that the US "cannibalised" much of the world, those words were not chosen lightly.

Child Labor in America



Many forms of child labor, including indentured servitude and child slavery, have existed throughout American history until the recent past but became more widespread and organised as industrialisation increasingly brought families into the factories and workshops of urban areas. Factory owners generally preferred children because they were cheaper, more manageable, and less likely to strike. **Children constituted about 25% of the manufacturing labor force of the industrialising Northeast, and 40% to 50% in cotton and wool mills.**



Young boys at work in a spinning mill in Macon, Georgia, 1909. Library of Congress, Washington, D.C. (LC-DIG-nclc-01581)

The Industrial Revolution in both Britain and America spawned the factory system that **William Blake** categorised as "those dark Satanic mills" that exploited and oppressed children as young as six years old. These children were most often locked in the factories for sixteen hours a day, and suffered terribly. Children were constantly exposed to toxic industrial chemicals and heavy metals, resulting in loss of vision, paralysis, mental illnesses and death. Those late for work or with insufficient productivity were frequently severely beaten. **Their lack of maturity and experience coupled with pitifully primitive and unsafe machinery, and fostered by the most cruel disdain on the part of owners, resulted in countless hundreds of thousands of mangled little bodies. It was a daily occurrence that childrens' hands and arms were caught in machinery and torn off.** "Little girls often had their hair caught in the machinery and were scalped from their foreheads to the back of their necks." Almost always, these children who were wounded or crippled in the factories, were simply thrown outdoors and left to die in the streets of their injuries. (78) (79) (80) (81) (82) (83) (84) As **John Foster Dulles** was so fond of telling us, "There are only two kinds of people in the world: Christians who believe in capitalism, and the other kind".



Supervisor supervising a girl (about 13) operating a winding machine in the Yazoo City Yarn Mills, Mississippi, photograph by Lewis W. Hine, 1911; in the Library of Congress, Washington, D.C.

In the late 1800s and early 1900s, many individuals and social groups attempted to pressure the US government to regulate or ban the worst excesses of child labor, usually without success. Even on the few occasions when a child labor law was passed, it was immediately rescinded. **In 1916 Congress passed the Keating-Owen Act as a first attempt to control child labor by forbidding the interstate transportation of goods made in factories that employed children, and restricted the workday to eight hours. The US Supreme Court quickly declared the law "unconstitutional". Congress then passed a second law that heavily taxed the profits of factories employing children but the court, pressured by the Drexel Furniture Company, also quickly declared this law unconstitutional. Many women's groups put pressure on Roosevelt to bring an end to the tragedies of child labor, but Roosevelt was once again true to his elite roots and uninterested in labor reform. It was only just before the onset of the Second World War that new labor laws were passed which contained some restrictions for child labor. Most economic historians have concluded that the primary factor for the reduction of child labor was not labor legislation but rising incomes that permitted families to keep their children out of the work force and send them to school instead. In other words, the US government, controlled by its 'invisible people' did nothing to prevent or even ease the miseries of child labor, this travesty ceasing only through an unplanned reduction in poverty which was itself brought about by fears of another American revolution.**

The American robber barons bitterly resented these restrictions and, true to their Judeo-Christian roots, turned to God and religion to defend their profits. They claimed the lack of work would turn children into idle tools of the devil and would destroy their initiative and self-reliance. Many of these companies cooperated in mounting a large propaganda campaign urging all Americans to accept their "solemn responsibility to the country" to ensure child labor laws were never permitted passage, claiming their intention to "save the young people of all future generations from moral and physical decay under the domination of the devil himself".

Despite all the hypocritical noise made by the US State Department about child labor in the Americas or Asia, child labor is still common in the US today. **Kruse and Mahony** did a recent comprehensive study of current child labor in the US and estimated that, at the least, **many hundreds of thousands of minors are employed during a year, at least some in hazardous occupations, working well over 100 million hours per year and paid almost \$600 million.** Family farms have always taken advantage of family labor, even the youngest contributing whatever effort they were capable of making. Labor was scarce and expensive, and often a large family was necessary to ensure a labor supply. But family farms are not the issue at hand. **Current estimates are that about 10% of farm workers in the US today are children, most employed in industry, with few of them working on family farms.** Most US farms today are owned by large agribusiness corporations that are heavily mechanised and employ great amounts of pesticides and other chemicals. **The child laborers on these industrial farms are often as young as seven or eight years old and can work 14-16 hours per day, seven days a week.** They receive only short lunch breaks and are not even supplied with toilets or drinking water. **The federal minimum wage is \$7.50 per hour but these children are often paid as little as \$2.00.**

One would think that any knowledge of this past history would be sufficient to produce revulsion to any thought of using small children as laborers, but apparently not. **In 2011 US Senator Jane Cunningham from Missouri proposed the total repeal of all child-labor laws, at least in her state, permitting even small children to return to the mills.** Tellingly, her proposed law would remove all government authority to inspect locations that employed children or to force them to maintain employment records. Her claim is that this law would "loosen an overly broad prohibition on child labor", and disingenuously pretended she wanted only to 'legalise baby-sitting'. (85) (86) When this woman was widely attacked for her repugnant proposal, she blamed the "hysteria" on "misinformation and politics".

Wage Theft



Apple, Adobe, Google and Intel had been scheduled to go to trial at the end of May, with lawyers for roughly 64,000 workers alleging that bosses including Google's Sergey Brin and Eric Schmidt and Apple's Steve Jobs orchestrated an elaborate scheme to prevent poaching and drive down wages. Source

The economic theory of slavery continues today in a practice we now term "wage theft. Here is the rest of the story. During 2014, the New York Times and other media sources ran several articles on what is now called wage theft, the corporate practice of underpaying staff which gives signs of becoming an epidemic in the US and today afflicts higher-paid white-collar workers as well as hourly employees. "(87) (88) (89) (90)". The methods and tactics appear to be limited only by the imaginations of employers, but include paying below the legislated minimum wage, forcing staff to work extra hours, refusing overtime pay and stealing tips from restaurant staff. Many employers apparently demand staff sign blank time cards, then insert false numbers for hours worked. In one reported case, Google, Apple, Intel and Adobe were involved in a large antitrust lawsuit for having colluded in a scheme to not hire each other's staff, thereby severely depressing wages for engineers and other higher-paid staff in all of Silicon Valley who claim they were cheated out of \$3 billion in lost wages. Various government departments in many US states and cities have recovered tens of millions of dollars for some groups of workers, but authorities claim these recoveries are a minuscule portion of the existing total, and that wage theft may be the largest continuing financial crime in the country, one that appears to be increasing every year. In many companies and industries, workers testify they were forced to work as much as 90 days in succession, often for 70 hours per week, with no overtime pay. Many firms, Fedex being one, claim their employees are really independent contractors and therefore not entitled to overtime nor, in many cases to statutory benefits. McDonalds and Wal-Mart appear prominent in some of these lawsuits but the practice is widespread in the US. In another editorial in 2014, the New York Times wrote that job

growth in the US was so slow most economists were claiming "it would take until 2021 to replace the jobs that were lost or never created in the recession", a tragic social situation especially considering that corporate profits were at an all-time high and many companies were sitting on huge reserves of cash. Productivity has increased substantially while wages have in fact been falling, a condition not caused by 'market forces' in any sense but rather from a plan to enhance profits at any cost.

After the savage FED-induced recession in the early 1980s, Western governments, the international bankers and their multi-national corporations conspired to rewrite the social contract, after which wage theft became rampant and the attack on the middle class was no longer hidden. As one example of many I could cite, a regional telecom company in Canada fired without notice about 3,500 people, 30% of its workforce. The company re-hired more than 3,000 of them in the next quarter, but as contract workers only, with salary cuts of 10% to 20%. However, in addition to the reduced wages, the company was no longer responsible for paid vacations or statutory holidays, nor sick leave or training costs. The company was no longer legally responsible for providing statutory benefits, and therefore avoided the costs of pensions, health care, unemployment insurance, and much more. In one swoop, the company reduced its total wage bill by 50% or more, this enormous addition to corporate profits extracted entirely from the pockets of the employees. Literally thousands of companies did the same with at least a portion of their staff, this being one of the main reasons corporate profits soared after the recession and one of the main reasons Western firms are today sitting on a combined cash pile of trillions of dollars. This flood of companies rushing to contract labor (and outsourced labor) was an undisguised assault on the middle class, with the only possible result (and therefore a clear intention) to impoverish the bottom 90% and vacuum all revenue into the boardroom. And of course, this was in fact the result. Since the late 1970s and early 1980s, real incomes in America (and in other Western nations) have remained static after inflation, meaning no effective pay increases for about 40 years. Prior to this time, wages had constantly increased with productivity, this pattern so consistent that economists taught this as a natural law. But the bankers and industrialists repealed this law sometime in the late 1970s, and real wages have not risen since then even though US productivity had increased almost every year. This was due in large part to the US deregulation of the financial industry, permitting not only such travesties as 2008 but opening the doors to siphoning wealth from the workers and out of the corporations into the hands of the top 1%.

Temporary employment agencies can fill a need in a nation's labor market since it often occurs that companies in many industries require additional labor during vacation periods or high seasonal demand. Corporate managers appreciate them because a single phone call can produce the requisite number of workers for a day, a week or a month. But the senior executives of American MNCs appreciate them for other reasons, the main one being that these temporary workers by definition are paid only an hourly rate, often the legal minimum wage but, even more importantly, are not entitled to the range of statutory benefits which include health care, pensions, unemployment insurance, legislated termination notice periods, pregnancy and sick leave, and many other such requirements. Many statutory provisions apply only to permanent staff, so you can see the temptation. This American labor practice has been attracting increasing government attention in many countries, the alarming tendency to outsource permanent, full-time staff to temp agencies, primarily to avoid the cost of paying statutory benefits but also to escape responsibility for a host of other actions which would otherwise be illegal. Coca-Cola is famous for this American practice. In many nations, Western and other, it is illegal to hire full-time

permanent staff through temporary agencies or to employ outsourced labor for other than temporary positions. But, if you have a clever lawyer play with the rules, you can find ways to pretend these are really only "temporary" employees, and you can pay them much less while avoiding all responsibility for their welfare and statutory benefits.

To quote a *Huffington Post* article, (Les Leopold; 10/27/2015) 'Wage Theft Comes to America', The Economic Policy Institute (EPI) provided a national estimate: "The total annual wage theft from front-line workers in low-wage industries in the three cities approached \$3 billion. If these findings in New York, Chicago, and Los Angeles are generalizable to the rest of the U.S. low-wage workforce of 30 million, wage theft is costing workers more than \$50 billion a year." And this conclusion refers only to low-wage workers like clerks at Wal-Mart, the staff at fast-food chains and similar; it does not include the losses to the middle class which would be almost infinitely greater. This is free-market capitalism operating in an unregulated nation, where the immense social destruction is obvious to anyone who looks. The most telling feature is that the once-large American middle class has mostly disappeared, more than half of it sliding precipitously into the lower class during 2007-2008 when the entire American middle class suffered an average loss of 50% of their total assets. Many more formerly middle-class have descended since then, a condition that appears permanent, increasing, and irreversible. One of the methods increasingly used to entrench this social condition is the outsourcing or reclassification of staff as contract or temporary workers, the companies shedding all signs of social responsibility.

Many companies push the limits in myriad other ways, one of which was Apple's famous "warranty-avoidance" warranties where the company regularly charged Chinese customers about 50% of the original cost of a device, for warranty repairs that were supposed to be free ([91](#)) ([92](#)). The company also made repairs so difficult and time-consuming to obtain at Apple stores that many customers paid for their own repairs at other shops. So, with luck, 'wage theft' can extend even to a company's customers. Many firms do something similar by avoiding product recalls, the auto industry for decades being notorious for this, just another way to privatise the profits and socialise the losses. We had classic examples of the Ford Pinto, of General Motors' famous ignition switch, Takata's air bags and Volkswagen's faulty transmissions in China, in all cases involving badly-designed products which could potentially kill a great many people but were expensive to fix. I would note here that in all the merger and acquisition activity we read about, the profitability of the company being purchased is only part of the equation, and perhaps only a small part. The reason is that in addition to the potential wage theft of the company's own staff, there is lurking in the background a much larger pool of wages to plunder, that of the company's supply chain. Since wage theft is such a major source of corporate profit today, the longer a company's supply chain and the more people employed in that chain, the greater the profit potential. Apple is an ideal example because the company has a long supply chain with one and a half to two million workers, all of whose pay packets can be plundered, and this was the source of virtually all of Apple's huge profits. I doubt very much that without this massive theft of wages Apple would have had any profits.

There are two other aspects to this theft from workers, one being the Wal-Mart syndrome of violent opposition to labor unions which has increasingly affected corporate America at all levels and which leaves the vast majority of workers with no advocate and no solution other than class-action lawsuits which are seldom successful. The other is also a Wal-Mart

specialty. In the US, Canada, and other Western countries, a full-time job is generally defined as one consisting of 40 hours per week, at which level employers must provide a full range of benefits that includes health care, pensions, unemployment insurance and other items. Wal-Mart defines 'full-time' as 35 hours, thereby avoiding the entire cost of these statutory benefits that normally comprise at least 30% of labor costs. There is perhaps no indication more clear than this of the planned destruction of the social contract which was the foundation of the American middle class and the sole contributor to the rising standard of living. The American Dream is truly dead.

Another practice, that of unpaid internships (93) (94), emerged after the 2007 financial meltdown and has accelerated to an alarming degree in many sectors of the US. With a stagnant job market and few employment opportunities for new university graduates in America, a surprising number of well-known large companies have turned to these unpaid laborers to fill open staff positions. The regulations governing internships are explicit but ignored. By law, interns must receive training in job skills but this seems to almost never occur, and instances where an intern actually lands a job after the internship period could be counted on the fingers of one hand. According to many media and government reports the number of new graduates in these unpaid positions is in the millions, so many they have formed internship societies to share their experiences. Many of these young people work as long as one year without pay, only to be dismissed at the end, clearly indicating no possibility of a full-time job had ever existed. All this is yet another indication of the class war that exists in the US today, evidence of the destruction of the social contract, and the continuing marginalisation of labor. All signs are that this condition will continue to accelerate. Since the US economy has, after almost ten years, shown no signs of a recovery, little hope exists for improvement, and indeed this trashing of labor has become a kind of social movement that is still gathering momentum and may well become the acceptable norm. It was interesting to note that the famous (or infamous, for his 'scorched-earth' practices) General Sherman, a leader in the American civil war, wrote in the late 1800s that "There will soon come an armed contest between Capital and Labor. They will oppose each other not with words and arguments and ballots, but with shot and shell, gunpowder and cannon. The better classes are tired of the insane howlings of the lower strata, and they mean to stop them."

American multi-nationals are enthusiastically exporting their pathological labor practices to other nations, leaving government authorities scrambling to moderate the damage and create appropriate legislation to deal with this unexpected flood. As in the US, their wage theft scams appear limited only by their imaginations. One of the more common and unfair labor practices among American companies in China is to conduct recruiting in smaller cities in Central China where wage levels are comparatively low, then position the new hires in the larger centers like Shanghai or Guangzhou where living costs (and wages) are far higher. Another American practice in China that has been attracting increasing government attention is that of out-sourcing permanent, full-time staff to temp agencies, primarily to avoid the cost of paying statutory benefits. Coca-Cola is famous for this practice, with some of its 'temporary' employees having been in the same job for ten or more years. One Coca-Cola employee reported that just prior to China's new Labor Laws taking effect, "they called us into a meeting ... with no notice, and told us that they were outsourcing our jobs and turning us over to a third party. We would no longer be Coca-Cola employees". They were also informed their incomes had been cut in half after the transfer to the third-party agency. Schering-Plough, a subsidiary of US-based Merck Pharma, did the same, at one point firing all its staff in Shanghai and relocating them to a temp agency with a reported 70% reduction in pay. Naturally, most staff quit, but the

company persisted. Many companies have adopted similar strategies in attempts to lower wages and salaries to a subsistence level while avoiding the payment of (legislated) statutory benefits like health care and unemployment insurance. The standard procedure for American MNCs in many countries is to dismiss all their employees and turn them over to a temporary labor contractor. The staff still work at the same place for the same company, doing the same jobs, but are no longer company employees, being now contracted to the temp labor firm that pays much lower salaries and by law is not responsible for statutory benefits, thus lowering the labor bill by as much as 50%. The practice of providing permanent labor through temp agencies is illegal in most countries since it is obviously a scam, but many companies ignore the laws. If you play with the rules, you can find ways to pretend these are really only "temporary" employees, and you can pay them much less while avoiding all responsibility for their welfare and benefits - and their mistreatment.

The American fast-food companies like KFC, McDonald's and Pizza Hut have for many years incorrigibly paid their staff only 60% of the legislated minimum wages, repeatedly claiming unclear laws and frustratingly repeating these illegalities in thousands of locations in spite of court orders and fines. We have read of Apple, Nike and other American companies who subcontract their manufacturing with such tight margins as to guarantee starvation wages to millions of workers throughout Asia. US-based P&G have been repeatedly accused of forcing temporary staff to work 12-hour days without overtime pay, and of heavily lobbying China's national government against the establishment of minimum labor standards. The American Chamber of Commerce, AmCham, one of the most stridently anti-social organisations in the world, is well-known for doing the same. In the meantime, the US NGOs like Human Rights Watch scold Nike or Coca-Cola for utilising what they call 'slave labor', while Nike and Coke pretend they had no idea but will check immediately. And so the story has continued for generations.

Yum, KFC, Pizza Hut, and McDonald's are renowned as much as Coca-Cola for finding every possible way to pay their employees less. This is especially true, and especially irritating, in China where KFC earns half of its worldwide profits on a sales volume half that of the US. Part-time staff are particularly unfairly exploited, with both KFC and McDonald's paying only 60% of China's minimum wage, persistently blaming "unclear regulations" while continuing to violate the laws. American critics complain that US companies are singled out for this kind of media attention, but the fact is that American companies came to China boasting of their high standards and high quality, of employing "international best practices", and being generally superior in all respects, then proved to be the least honest and most predatory of all companies.

And it isn't only Coke, Apple and Nike who prey on the helpless. Most American companies do the same, including many generally seen as having clean faces, companies like P&G, Disney, Mattel, all of whom proclaim innocence and virginity while the drastic labor situations continue unabated. A large variety of American toys manufactured and promoted in China like Fisher Price, Barbie, Toy Story, Matchbox cars, Thomas the Tank Engine, Hot Wheels, Transformers, Cars 2, are all produced in similar circumstances. A SACOM representative said, "Consumers could never expect that the lovely toys which bring joy to children are manufactured in such deplorable conditions", asking the public en masse to convey in graphic terms the repugnance of their actions to these American firms, and to demand remedial action. They also recommended that parents refuse to purchase

any of these American-branded products until these firms accept responsibility for their actions and adopt humane employment practices. And in a truly offensive response, the so-called 'International Council of Toy Industries' Care Foundation', an American toy industry apologist, said, "... we refuse to accept the sensationalist, media-oriented declarations of any group ... The plain truth is that workers in many toy factories in China are better off now than they were before ..." Lies this big should be punishable by public flogging.

The labor violations committed by American firms are legion, and consist not only of institutionalised meanness, but of a cleverness I would categorise as pathological. Employees are often forced to sign a 'voluntary' document agreeing to work far beyond legislated maximum overtime, and often without pay. Staff have so often testified they are forced (and even offered money) to lie and give misleading responses to factory audits by government officials, and threatened with severe punishment for failing to do so. One investigation discovered employees producing American products were working a six-day working week, with up to 288 hours a month, and in many other cases a compulsory seven-day week during peak periods, with the companies paying far below the minimum wage. Investigators said employees who had attempted to raise awareness of the abuses and to inspire colleagues to fight for their rights, were immediately fired. Sacom continued, "Mattel, Walmart and Disney, the renowned toy companies, always claim they strictly comply with local laws and adhere to their respective code of conduct. The rampant violations at Sturdy Products, including excessive overtime, arbitrary wages, unfair punitive fines, child labor and negligence of occupational health, prove that the pledges are empty statements. There is no effective enforcement mechanism and remedies for workers at all." And yet, like Apple and Nike, these corporations are producing profits from these same products in the hundreds of millions of dollars.

American companies are world-famous for pressuring local governments to avoid setting health, labor, environmental or other standards that would interfere with their profitability, often drawing on the political power of the State Department to bully local governments into relaxing standards or avoiding prosecution of the executives of American companies. The executives and management of Coca-Cola in particular lobby governments everywhere in attempts to prevent or derail labor and wage legislation, as well as lobbying and interfering with environmental laws. These problems exist in every nation, but undeveloped countries are hit the hardest because of inadequate legislation and the lobbying power of these companies from political pressure and bribery. There has been no shortage of reports that Coca Cola executives, as a regular business practice, frequently bribe local officials and politicians to overlook violations and give them effective sanction to break laws. P&G executives have been repeatedly accused by labor organisations of labor violations such as forcing "temporary" employees to work 12-hour days, and company executives deserve public exposure and condemnation for their lobbying of Chinese government officials against establishing minimum labor standards in China. Starbucks in the UK was treated to a media storm that revealed an astonishing pent-up anger directed toward the company by its own staff, involving mandatory changes in their employment contracts that would reduce or eliminate many of the staff benefits, including lunch breaks and the elimination of staff sick days and maternity benefits. The staff claim they were presented with a new contract and ordered to either sign or be fired.

Coca-Cola



Coca-Cola's executives and management have long been accused of mistreating workers in their bottling plants, of underpaying employees, of forcing extensive unpaid overtime, of beating employees who claim their wages, and of often resorting to extortion, physical and other threats, and even murder, to prevent employees from forming unions to protect themselves. Coca-Cola's representatives in Central America have a reputation of hiring hit men to kill anyone trying to form a union in a Coca-Cola plant (95). And, just as in China, the company claims no responsibility for the actions of their "agents". The evidence for these claims exists in many countries, including China. If you want something to open your eyes, do an internet search for the phrase, "bottling coke and spilling blood". It is for good reason that Coke is one of the four most-boycotted companies in the world. South and Central America are among the worst areas, covered in a book Mark Thomas published in 2009, titled "Belching Out the Devil: Global Adventures with Coca-Cola" (96).



Cane cutter Evaristo Pérez, 22, on the La Isla plantation in the municipality of San Juan Opico in El Salvador. He used to be a child worker in the sugar cane fields in El Salvador, where child labour has been practically eradicated thanks to a policy of "zero tolerance" in the sugar industry. Credit: Edgardo Ayala/IPS. Source

In El Salvador, in addition to abuse of workers, Coke has been exploiting children by using them for hazardous labor in sugar cane fields. This issue was first documented by Human Rights Watch, with some devastating film footage shown in a BBC documentary. Coca-Cola in the US has been exposed to many lawsuits over the years for racial discrimination relating to salaries, promotions and performance evaluations. The New York Daily News reported one lawsuit where staff claimed that working for Coca-Cola was like being in a "cesspool of racial discrimination" (97). The company has also been in litigation for wage theft, with one major class action claiming company management refused to pay overtime wages among other labor violations. A few years ago, the company was forced to pay almost \$200 million in the largest settlement in US history for racial discrimination violations.



A never-ending story of exploitation, greed, lies, cover-ups and complicity in kidnappings, torture, murder and other serious human rights violations. [Source](#)

In 2001, Human Rights Watch and the United Auto Workers filed a lawsuit in Miami against the Coca-Cola company and several of its Colombian partners for a series of murders of union leaders and for conducting "an ongoing campaign of intimidation, terror, and murder". The executives of Coca-Cola in Columbia have been accused of "rampant illegal labor practices, intimidation techniques, unfair firings and physical attacks." In the lawsuit, the union claimed at least six of its leaders had been murdered by death squads, which it claims secretly worked for local Coca-Cola plant managers. This is not a new problem. More than 20 years ago, union leaders complained to senior Coca-Cola executives that their plant managers were employing death squads. On one occasion, hired assassins shot dead the union leader during contract negotiations, then set fire to the union hall in an attempt to kill all the workers. When that failed, the killers returned to the Coca-Cola factory, gathered all the workers at gunpoint and ordered them to either resign from the union or be killed. The workers all resigned. One other fact bears noting: The above-mentioned lawsuit was filed against the Coca-Cola company and its bottlers and partners in Columbia but, in yet another reminder of the independence of the US courts and judiciary, and in testimony to the US following 'the rule of law', the US State Department and the Justice Department intervened in the case and convinced the judge to release Coca-Cola from the lawsuit, permitting it to proceed only against the Colombian partners. And, to give you a full appreciation of not only the extent of support received by Coca-Cola executives for these death squad killings of union leaders, but also an appreciation of the depth of depravity of American businessmen generally, listen to the President of the

American Chamber of Commerce: "Why should we worry about the death squads? They're bumping off ... our enemies. I'd give them more power. Hell, I'd give them some cartridges if I could, and everyone else would too ... Why should we criticize them? The death squad - I'm for it." (98) Feel free to draw whatever conclusions you believe are appropriate.

One columnist wrote that Coca-Cola executives have "a labor record that puts even most other multinational companies to shame. In Guatemala and Colombia, there is strong evidence that the Coca-Cola company actively supported the murders of union activists by paramilitary members at bottling plants run by its subsidiaries and contractors over the years.



Lori George Billingsley, director of diversity at Coca-Cola. Source

In Mexico, El Salvador and other countries there have also been ample allegations of the company using paramilitary strength to prevent unionizing and keep employees in line." Coca-Cola executives said they could not be held responsible for the murders because the plants were not directly under their control, but the union stated that "Coke has [a] financial investment in the bottlers and has a working relationship with them." A senior lawyer from the International Labor Rights Fund said, "There is no question that Coke knew about and benefited from the systematic repression of trade union rights at its bottling plants in Colombia ..."

At the time, Coca-Cola spokeswoman **Lori Billingsley** denied that the Coca-Cola company employed death squads to prevent the formation of unions, and said the legal charges filed by the union "are completely false and are nothing more than a shameless effort to

generate publicity using the name of our company." But then these events generated an extensive "Boycott Coca-Cola" campaign which forced the company to pay \$10 million anyway.



BOYCOTT ISRAEL COCA-COLA BOYCOTT CAMPAIGN

Moshe Wertheim (top), a Mossad agent, is currently chairman of Coca-Cola Israel. (in 2007) Abraham Feinberg, pictured (bottom) shaking hands with President Truman, was the CEO of Coca-Cola Israel until his death in 1998. As a leading Zionist lobbyist, he single-handedly arranged the financing of Truman's presidential campaign. His influence with President Lyndon Johnson ensured that Israel did not have to sign the NPT. BOICOT ISRAEL CAMPANIE BOICOT COCA-COLA. [Source](#)

Horror stories of the abuse of workers by Coca-Cola management emerge from every part of the world. In 2013 or 2014, there was a great scandal reported in the Mexican press that Coca-Cola forced all its employees to resign their jobs - many of them at gunpoint -

because they agreed to form a union. The employees were rehired the next day, but they were no longer union members and were unlikely to ever become such. At the time, the President of Mexico was the former president of Coca-Cola. It was interesting that the news reports of this criminal extortion flooded the Mexican media but then totally disappeared within one or two days. It cannot be found on any US websites, Google has no record of it, and even the original Mexican news sites lost it. That's influence. Americans complain about China's censorship, but it's much worse in the US because all these events are totally censored and Americans don't know what they don't know. In Turkey, workers at a Coca-Cola bottling plant in Istanbul were immediately fired for having joined a union so they organised a peaceful sit-down strike in front of the main offices of Coca-Cola, many with their spouses and children, and had union leaders meet with company executives to arrange their reinstatement. However, while Coca-Cola's senior management were meeting with union leaders, they ordered Turkish riot police to attack the workers, leaving hundreds of people badly beaten and requiring hospitalisation. Lawsuits are pending. Coca-Cola executives did the same in India, on at least several occasions when police were called out to brutally suppress public demonstrations against the Coca-Cola company. In one case, 500 people marched to the gates of a Coca-Cola factory to demand the plant be shut down, and were attacked by a huge flock of Coca-Cola security guards assisted by the local police. You have read about Citibank in Indonesia persistently using outsourced "labor" - in this case using thugs and goons to intimidate delinquent customers by the application of physical violence, in at least one case beating a customer to death. Coca-Cola is essentially cut from the same cloth, even using the same brand of thugs and goons, the primary difference being that the beatings are not conducted on Coca-Cola premises so as to keep company executives one step further removed from the gallows. There are many American MNCs that fit this mold.

Wal-Mart



Walmart has a longstanding record of low wages and opposition to unions. Source

In the US and Canada, and most Western countries, "full-time" employment normally means a 40-hour week and, for its full-time workers, companies must provide and pay for a full range of statutory benefits that include unemployment insurance, pensions, health care, etc. But reports are that Wal-Mart in every location provide only 30 or 35 hours of weekly employment while still inaccurately referring to these jobs (and staff) as full-time - which of course they are not. The advantage to Wal-Mart to provide less than the legislated minimum hours is that legally these employees are officially classed as "part-time" and therefore entitled to no benefits. Since these statutory requirements cost an additional 30% to 35% of payroll which the company avoids, this immense wage theft is added to corporate profits. Wal-Mart also tends to pay only the legal minimum wage, or as little as possible in each location. For many people, this is below the poverty level, which means that Wal-Mart's so-called "full-time" staff must depend on food stamps, Medicaid and US government welfare assistance to survive. Wal-Mart also has a habit of retaliation against workers who dare to speak out, many store managers and other staff stating their working hours had been drastically cut after making complaints about the company.

Wal-Mart began in a single store in Rogers, Arkansas in 1962 and expanded rapidly into a chain of stores. At that time, the US federal minimum wage was \$1.15 per hour, but Sam Walton was paying his staff only half that amount. When confronted by the government, Walton argued that the law applied only to businesses with more than 50 employees and claimed each of his stores was a separate business entity. The Department of Justice and the courts rejected Walton's self-serving explanation and he was heavily fined for violations of federal law. But that didn't stop Walton from his insane determination to ensure his staff were paid the least possible under every circumstance. In retail operations, payroll costs are usually around 10% to 12% of sales, but Wal-Mart store managers - if they want to remain managers - are forced to maintain payroll expenses at around 5.5%, and seldom higher. In cases where Wal-Mart is subjected to extreme political or other pressure to increase wages, the company will outsource its employees to so-called temp agencies, thereby lowering wages even further and again avoiding payment of any statutory benefits. Sam Walton, his successors, and all the company's executives are violently opposed to labor unions because they would force the company to pay higher wages and provide benefits, and the company has been extremely successful in preventing their formation. One media report noted that "When butchers in one Texas outlet voted to [form a] union, Wal-Mart eliminated the meat department in that store and in every other store in Texas and the six surrounding states." In one case in Canada, where the company failed to prevent employees from forming a union in a newly-opened store, Wal-Mart immediately closed the store, claiming "poor sales". In both cases, the message was clear: form a union, and lose your job.

After witnessing the social destruction inflicted by Wal-Mart's inhuman methods on the rural areas of America, the company had been blocked by politicians and unions from opening stores in the nation's urban areas. It was therefore a surprise that Washington DC agreed to permit the construction of five Wal-Mart stores (in spite of the powerful objection of most of the public), with a stipulation that the company would open two of those stores in the city's poor districts where retail was in short supply. Wal-Mart built the three stores in affluent areas, then reneged on the agreement and walked away, claiming they would be unprofitable. Privately, city government members stated Wal-Mart executives confided to them that new proposed laws to increase the city's minimum wage "would effectively impose a huge tax" on the company. The city legislators had further proposed to legislate minimum hours for full-time staff and require DC employers to

provide medical leave. With Wal-Mart's profit bible consisting almost entirely of wage theft, the company violated a legal agreement and apparently threatened to close its three new stores if the city proceeded with its minimum wage legislation. Consider in the light of this, the claims of Wal-Mart executives that they adhere to all labor regulations in the jurisdictions in which the company operates.

One result of this policy is that the entry of Wal-Mart into a new area will either drive out all higher-wage competitors, forcing store closures or bankruptcies and abandonment of territory, or it compels them to lower their pay to Wal-Mart's level or even below, in order to survive. The obvious effect is that the company's presence drives down all wages in the region within a few years, this effect not limited to grocery or retail marketing. Many studies have been done to adequately prove this point. Part of the reason this 'Wal-Mart' effect is so widespread is due to the company's control of such a major portion of the retail and grocery landscape in the US, permitting the company to force supplier price reductions throughout its entire supply chains, with the result that manufacturers and distributors are forced to reduce their own wages to remain solvent, and many are forced to relocate manufacturing to lower-cost locations in other countries. Thus, the net effect of the appearance of a Wal-Mart into an area is to impoverish the entire landscape by the destruction of well-paying jobs.

In its advertising, Wal-Mart boasts of its low prices, but those come at a high cost to the suppliers and an even higher cost to their staff. The company is famous for sending teams of accountants and efficiency experts to a factory (not only in the US, but to factories in China and other countries), to seek out every possible change or improvement in a manufacturing process so that a factory can produce products for Wal-Mart at a lower cost. But the factory doesn't benefit from these lower manufacturing costs; they must all be passed on to Wal-Mart. The company has a reputation for beating suppliers with a stick to obtain every tenth of a cent reduction in price, pushing the suppliers to the wall, forcing profit margins that are razor-thin, and ensuring that no Wal-Mart supplier will ever be able to pay decent wages to his workers. In the end, anyone who is dependent on Wal-Mart, either for jobs or orders, will be unlikely to escape poverty, since the company's practices inevitably delete all the profits in all parts of a supply chain, and vacuum them into Wal-Mart's pockets. The company's operation model is cleverly (I would say, diabolically) designed to accomplish precisely this result: to extract every last cent of profit in an entire supply chain, which chain includes the suppliers of raw materials to a manufacturer, the manufacturing firm, the shipping and transportation firms, the logistics companies, the overseas freight handlers, warehouse staff, and dozens of other unseen categories. The end result is not only to vacuum all profits into Wal-Mart's bank but to impoverish all employees in any part of that chain. It is a tribute to the power of large corporations in the US, and to the influence they have on government, that Wal-Mart has been permitted to operate in this fashion for so long.

I discussed shelf fees and stocking fees elsewhere, one-time fees charged for acceptance of a product into the stores, plus a high monthly rental per square meter of allocated shelf space. Wal-Mart has exhibited exceptional ingenuity in adding to these fees. For one, the company has begun to charge its suppliers for "storing their goods" in Wal-Mart warehouses - after purchase - and to pay additional 'fees' for products "passing through" the company's warehouses, all this in addition to being forced to wait for longer periods to be paid, apparently as much as 180 days in some cases. And at the same time, Wal-Mart

is demanding yet lower prices from these same suppliers. Wal-Mart's version, according to an article in the WSJ, is that "All of the changes we are asking suppliers to make are to be true to our business model and everyday low prices." The article didn't bother to dwell on the precise nature of that business model to which the company was being 'true'. The same article noted that Wal-Mart also demanded suppliers lower their prices immediately on goods made in other countries, if the exchange rate shifts; these price adjustments presumably occur in only one direction.

Nevertheless, Wal-Mart pushes the limits so far beyond reason that in the US at least, the Department of Justice has frequently laid criminal charges of wage theft, and many groups of employees and others have initiated class-action lawsuits, all resulting in large penalties though not large enough to change the company's practices. Within the past few years, the company paid almost \$650 million to settle 63 lawsuits charging the company with refusing to pay overtime, forcing staff to work through breaks or work beyond their regular shifts, as well as other types of wage theft. At the same time, Wal-Mart faced an additional 76 similar class action lawsuits in courts across the country. In a separate case, the company paid \$40 million for refusing to pay overtime, denying employees rest breaks and tampering with time sheets. A bit earlier, Walmart paid \$40 million in back wages to 85,000 workers, denying workers rest and meal breaks, refusing to pay overtime, and manipulating time cards to lower employees' pay. many of them managers who were denied overtime. Then, Wal-Mart paid \$11 million for hiring hundreds of illegal immigrants to clean its stores, the company claiming ignorance of contractors employing illegal immigrants. At the same time, Wal-Mart paid \$55 million for reducing workers' break time and employees working unrecorded overtime. A bit earlier, Wal-Mart paid about \$35 million in back wages to thousands of employees over the previous five years. At about the same time, workers won a \$80 million class-action award for working off the clock, then won an additional \$65 million in damages.

Wal-Mart's labor and pricing practices extend to China, both from its sourcing of products and from its retail presence in the country. The incessant demand for lower supplier prices in China inevitably forces those firms to cut wages, creating "Wal-Mart sweat shops" across the country. In repeated cases, officials have found these suppliers paying below minimum wage, withholding pay from staff who fail to meet sales targets, refusing to pay overtime, and much more. In many cases, staff are told to lie to government auditors. Of course, Wal-Mart executives are fully aware of the conditions they create, but then they have been creating them in the US for more than 50 years and have so far exhibited no concern. One retail industry consultant said about the executives at Wal-Mart: "When asked about labor law, they generally say [they] follow the laws of the jurisdiction in which they are operating, but it's also clear when they say that, that they put a lot of weight on shaping the laws in the jurisdictions where they are operating." This latter is a serious issue with all American MNCs in China and in any other nation, in that they will use the entire power of the US government in attempts to force a transfer of their depraved "standards" onto every other nation while doing all in their power to obstruct domestic governments from taking action against them, whether for wage theft or any other criminal activity.

Apple



In spite of its pretty face and attractive products, Apple has some of most deplorable labor practices of any American multi-national. I wrote earlier that Steve Jobs' real innovation was in finding a firm - Foxconn - that would build a one-million employee concentration camp where it could manufacture and assemble iPhones while the one million young workers were living on the brink of starvation. I noted too that Apple was sitting on a cash pile of \$150 billion (then increased to \$200 billion), but that entire cash pile was stolen from the workers who made Apple's products. If Steve Jobs had paid those employees anything resembling a living wage, Apple's cash pile would be zero. Steve Jobs wanted Apple to be profitable, with a margin of about 40%, but Apple's profits did not come from designing and selling cool products; they came from the theft of wages from society's most vulnerable young people who needed a job and a start in life. To succeed in his quest, Jobs first had to ensure they failed in theirs. And he did. Even in an internal company report, Apple admitted the "sweatshop" conditions inside the factories that make and assemble its products, admitting that at least 55 of its 102 factories were making staff work more than 60 hours per week, that only 65% were paying legal minimum wages or statutory benefits and that 24 factories paid nothing near China's minimum wage. The pressure placed on these young people for higher productivity was truly unconscionable, with dozens of young people committing suicide, a fact which did not escape the attention of either Steve Jobs or Tim Cook but which resulted in no action. A human rights organisation accused Foxconn of having an "inhumane and militant" management, the executives of neither Foxconn nor Apple being available for comment.

Nike

Few people seem aware that Nike, along with Nestle, Coca-Cola, and McDonald's, are the four most-boycotted companies in the world, I would say all for good reason. One of those

reasons is the sweatshop syndrome for which Apple is so famous. A website named '123HelpMe.com' published an article on September 8, 2012, titled "Knowing the Strength of Your Buying Power", which made the following observations:

"Nike has been fighting a boycott of its products since 1996 when an American magazine showed a photograph of a young Pakistani boy sewing together a Nike football. A year later, the company's image suffered a further blow when a report revealed that workers in contracted factories in Vietnam were exposed to toxic fumes at up to 177 times the country's legal limit. By the end of the decade, as the anti-globalisation movement began to make headlines for its protests at WTO meetings worldwide, the boycott of Nike stores was causing serious damage. Reliable news sources publicly exposed the grim working conditions of people employed by contractors making Nike products in Indonesia, Haiti and Vietnam. Nike's association with the exploitation of third world workers fueled a worldwide boycott of their products. Many publications - the New York Times, the Washington Post, the Sydney Morning Herald, Life Magazine - reported on the unjust treatment of workers making Nike products. There are reports of children sewing soccer balls for 60 cents a day, workers being beaten, sexually harassed, collapsing from exhaustion, being fired on the account of taking sick leave, working in hazardous conditions, being paid below a livable wage and the list goes on."

Another website named 'viet.net' that specialised in Nike in Vietnam, wrote the following:

"You have to meet the quota before you can go home. She hit all 15 team leaders in turn from the first one to the fifteenth ... The physical pain didn't last long, but the pain I feel in my heart will never disappear." The above statements were made by Thuy and Lap, two female workers at a Nike plant in Vietnam, reported by CBS in October 1996. However disturbing those comments might have been, they turned out to be but a scratch on the surface of a far more horrendous reality - confirmed, quantified, and fully documented in a March '97 report by Vietnam Labor Watch during its visit to Vietnam. The courage of Thuy & Lap to stand up to Nike sweatshops helped spark a worldwide movement. In 1998, Phil Knight promised to change Nike's labor practices in Asia. We observed a few improvements, but much of Phil Knight's plan of actions were nothing but empty promises. Soon after, the two women were fired for talking to a reporter. Despite its progressive image in the United States, Nike is a very different company in Vietnam and in other Asian manufacturing operations. Reports of physical abuse, sexual abuse, salary below minimum wage and debilitating quota systems are confirmed by CBS News, the New York Times, USA Today, Wall Street Journal, AP, Reuters as well as other non-profit and non-governmental organizations. Nike continues to treat its labor problem as a PR matter. Behind closed doors, Nike continues its goal to sabotage any labor organization that stands in its way. To derail cooperation between US labor groups & Vietnam labor organizations, Nike sent a "private" letter to a high-level Vietnam government official accusing US labor activists of harboring a secret agenda "to change the government in Vietnam". A bit later, Nike finally agreed to pay more than \$1 million in overtime pay to nearly 5,000 workers in Indonesia, which, according to the Vietnamese website, reflected more than 500,000 unpaid overtime hours over two years.

Amazon

Like Wal-Mart, Amazon promises low prices to consumers, but manages to extract most of their profits from suppliers instead, eventually eliminating the possibility of effective competition among the starving pack, a result generated entirely from a monopoly market position. Wal-Mart charges high fees for shelf placement and Amazon does something similar, with increasingly extraordinary demands, using its marketing power to gobble up almost all the profits in the publishing industry. Where Wal-Mart extorts cash from suppliers for promotions, Amazon extorts payments from publishers to a marketing development fund, absorbing another 5% or 10% of their profits. Amazon has become a particularly nasty company, no longer interested in simply making money by providing a service but having become increasingly predatory. A few years back, the company initiated what it called the 'Gazelle Project' its lawyers called the 'Small Publisher Negotiation Program' but which apparently took its name from a gazelle being pursued by a cheetah - in other words, as prey. The power of a monopoly buyer has almost no limits, permitting them to impose any terms or demands on their suppliers. Jeff Bezos and his executives at Amazon are doing precisely the same as Wal-Mart and all other American MNCs, using their market power to impoverish the entire supply chain and vacuum all the money into their own pockets. And once the supply chain's profits disappear, the next to go are the salaries and wages throughout that chain.

Franklin Foer wrote an article in the New Republic, titled 'Amazon Must Be Stopped' (99), in which he noted that many authors, and many in the publishing business, have expressed concerns that Amazon's apparently insatiable greed combined with its apparently unlimited contempt for its suppliers, will eventually destroy the advances that publishing houses pay their writers, thereby eliminating many authors from the market. He wrote that "advances make it financially viable for a writer to commit years of work to a project", and more importantly that "This upfront money is the economic pillar on which quality books rest, the great bulwark against dilettantism." He is very correct, of course. Foer also exposed the fact that Amazon, like most large American companies, is astonishingly predatory, willing to invest huge sums to destroying potential competitors, writing that Amazon "had a record of shredding young businesses, like Zappos and Diapers.com, just as they begin to pose a competitive challenge. It uses its riches to undercut opponents on price - Amazon was prepared to lose \$100 million in three months in its quest to harm Diapers.com - then once it has exhausted the resources of its foes, it buys them and walks away even stronger."

Starbucks

Starbucks follows much of this pattern, though we seldom read of it in the media. The company has been reported to be loathed by its own staff in the US for many of its business practices, including a policy of staff closing a shop very late at night and returning to re-open it only a few hours later. Starbucks' staffing practices have been described as particularly severe, with working hours and conditions fluctuating wildly from week to week or month to month, effectively preventing a normal life. Staff across the US complain bitterly about being paid only minimum wages and yet being sent home if sales are slow.

Media reports were that the situation deteriorated to the point where staff retention had become extraordinarily difficult. With American parents strongly disapproving of Starbucks employment, the company launched what was called a "family forum", where they would invite the parents of these young people to listen to "success stories" of kids who "worked their way up the career ladder" and became managers. No report on whether the parents were entranced with the prospect of their kids spending ten years to ascend a two-step ladder. In the UK, the media revealed even more pent-up anger directed toward the company by its own staff, the most recent involving mandatory changes in their employment contracts that would reduce or eliminate many of the staff benefits, including lunch breaks and the elimination of staff sick days and maternity benefits. The staff claim they were presented with a new contract and ordered to either sign or be fired. Interestingly, the staff were also informed that any who discussed the then-current outrage over Starbucks' UK tax avoidance would be fired immediately. Researchers from the Manchester Business School claimed in a media report that Starbucks was "suffering an implosion of their reputation", not only externally with the public but also internally with their own staff, which combination inevitably sets the stage for a serious business decline.

American Education



American universities, having been almost totally financialised, and with their management now consisting largely of finance types instead of academics, have simply copied the profit-maximisation theories they learned in business school: the fastest way to become rich is to have wageless workers while increasing fees. The elementary and high school systems are beginning to follow in lock-step. Even worse, with the increasingly extreme emphasis on finance and profits, most major US universities are doing away with full-time tenured (and professional) professors and resorting to part-time contract teachers with minimal education who are paid about \$2,000 per course and earn little more than US\$20,000 per year, a bit more than a full-time job at McDonald's. And those who are full-time are more interested in publishing papers

to maintain their employment than in teaching. Turnover is high since these positions are clearly not a career. A major part of the US educational business model, what Raj Mehta called Harvard's "innovative governance model for higher education", involves what is essentially the hiring of temporary and part-time workers, like the so-called "associates" at Wal-Mart. These 'teachers' are not full-time academic staff members but contract workers with insecure employment status and who are entitled to no benefits, thereby reducing the teaching payroll costs by 75% and the quality of education by about the same percentage. This is all about profit maximisation, otherwise known as blind greed.

Today's students at American universities are receiving their "education" from unqualified 25-year-old grad students earning less than \$20,000 per year, but are paying tuition fees based on instruction from experienced Ph.D. professors earning \$150,000. It has been reliably reported that 70% of college professors and instructors in the US are these contract, part time, temporary adjunct teachers with low levels of education, no teaching instruction, and little if any experience, even though tuition fees are increasing steadily every year ([100](#)) ([101](#)) . Given that these so-called professors will be given most of the undergrad classes, this means that 80% or more of all university students are in this position. In March of 2015 the Washington Post published an article by a young woman who had been one of these "adjunct professors" in Washington, DC, claiming she taught as many as five classes each semester at four different universities during days that often lasted 13 hours, in a job that offered "no job security or access to benefits, and significantly lower wages than regular faculty". She said that after two years she could no longer tolerate the stress and exhaustion, and left the educational field to work as an editor.

This model has been adapted from the US multinationals as a way to reduce labor costs and increase labor servility and, as Noam Chomsky noted, is part of the general assault on the middle class. This model focusing on what we can call "insecure employment" is a staple in American society. He wrote "When Alan Greenspan was testifying before Congress in 1997 on the marvels of the economy ... he said straight out that one of the bases for its economic success was imposing what he called "greater worker insecurity". If workers are more insecure, that's very "healthy" for the society, because ... they won't ask for wages, they won't go on strike, they won't call for benefits; they'll serve the masters gladly and passively. And that's optimal for corporations' economic health." And of course, the way to transfer this insecurity to the universities is by not guaranteeing employment, by using grad students and other barely-qualified contract individuals to carry the teaching loads at one-tenth the cost of full professors. This approach of course also provides US universities with labor "flexibility" which means no restrictions on firing staff. Chomsky again: "(it enables) the transfer of funds to other purposes apart from education. The costs, of course, are borne by the students. But it's a standard feature of a business-run society to transfer costs to the people. It's harmful to education, but education is not their goal.

This process of literally trashing the education system has been quietly gathering steam in the US for decades, only now appearing fully in the open when sufficient legislative and judicial support has already been obtained, and is now firmly established in the public-school systems as well. Given the huge push in the US for the privatisation of elementary and high schools, these same 'Wal-Mart' teachers will soon be filling all the lower education levels as well. In a landmark ruling in California in June of 2014, the courts struck down

teacher tenure and other laws that provided any job security to teachers. An educator named Michelle Rhee, who had been the chancellor of public schools in Washington DC for some years, wrote that the ruling "represents a clear win for all children in California public schools ... and for the teaching profession as a whole." She went on to claim that her purpose in spearheading this court ruling was to "elevate the teaching profession" and that the ruling was "a tribute to teachers". No idea how, but I can scarcely imagine bigger lies. On this one, somebody really needs to follow the money, especially the money behind Rhee's organisation laughably named "StudentsFirst". This educational treason is particularly disastrous since the US had already been experiencing 100% turnover in teachers about every five years, a rate that will now most assuredly accelerate.

But let's not lose the main point which is that the universities, and now the school systems, are engaged in wage theft on a massive scale. They have been financialised to the point where their main function is raising money and investing endowment funds, focusing on financial profits rather than education, and stripping wages at every step of the chain to funnel all the money to the top. And in this case, to no apparent purpose. If a university does not exist to educate, why does it exist at all? Many American universities, but using Harvard as an example, have endowment funds so large that the entire tuition fees for a year are absolutely trivial in comparison to the size and income from their endowment funds. All could afford to offer free tuition without even noticing the slight drop in revenue, but they persist in bleeding the students for higher fees each year while extracting the maximum wage concessions from the teachers and staff.



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Chapter 4 – IP Theft and Copying



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International Grand Theft

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Operation Paperclip - World War II

And The Winner of the "Copying Olympics" is:

A Nation of Outlaws

International Grand Theft



Interned German ships forced to surrender to the United States. Any and all German-owned ships were captured by the American government after the U.S. entered the war. 54 merchant vessels were taken in and 1,800 sailors were sent to internment camps, purely because they had German last names. Source

One item deliberately deleted and carefully airbrushed from the American historical record involves the enormous seizures of assets from Germany after both World Wars. Having been forced into wars it did not want, wars intended primarily to accomplish its permanent destruction, Germany was unconscionably looted of all foreign property and assets after the first war, and of all foreign and most domestic property after the second war, and on both occasions of all its IP, inventions, patents and virtually the nation's entire knowledge base. After the first war, the US alone confiscated well over a billion dollars of private property, and countless billions after the second war. During the first war, the US also interned and deported many thousands of Germans, almost all of whom were US citizens. Here is part of that story.

World War One Seizures



A. Mitchell Palmer, "Custodian of Foreign Property". Source

During the First World War, the US government seized all property in the US in which there were German interests (1) (2) (3) (4) , including all corporate and individual assets and any assets for which ownership could have been attributed to either the German government, Germany's political rulers or even the country's elite class. This policy was not by any means limited to Germany's assets solely in the United States, nor was it limited to Germany. The position of the US government was that all of Germany's worldwide assets were available for confiscation, in all nations where German firms or individuals held property or assets of any kind (5). Therefore, all worldwide assets should be seized and the proceeds from this looting paid into the US Treasury. They applied this policy to many nations, embedding into the post-war treaties this right of the conqueror to loot and plunder all nations. In simple terms, the West, led by the US which was in turn led by its European banking controllers, enshrined into law their "right" to confiscate all the international (worldwide) property and assets of the governments, the corporations, and the individuals of Germany and its allies. And confiscate, they did. Many respected international authorities were violently opposed to this policy, claiming that confiscation of enemy property was not only morally wrong but contrary to all the statutes and traditions of international law. Their claims were ignored.

The Jewish- American lawyer Seymour J. Rubin wrote that it was "*clear and compelling that for reasons of justice*" a victor or a conqueror should confiscate all the property and assets of the vanquished. It is worth understanding the rationale espoused by Mr. Rubin and subsequently adopted in legislation by the US, and applied worldwide with a vengeance. In an undated but post-1950 treatise for the US government, Malcom S. Mason outlined Rubin's position as follows: "External investments are no longer private property. A country uses its nationals' external investments as an instrument of national policy". A Jewish-Dutch lawyer apparently agreed with Rubin, stating that "The private owner is nowadays nothing but a trustee on behalf of his Government", adding that all governments, but especially Germany, "establish governmental controls over external investment that completely denatures their ostensibly private character". These gentlemen added further that "The traditions that have grown up with respect to the enemy's private investments were established when property meant something different from what it means today, and when war meant something different from what it means today."

These are far-reaching pronouncements with enormous implications. The position of the American government, driven on by its Jewish legal scholars (and bankers), is that all multi-national corporations are not private entities but rather are foreign-policy tools of foreign governments, "trustees" acting on behalf of their national government, and should be treated as such. The Americans have held this position since prior to the First World War, have enshrined it in legislation, and hold precisely the same position today - with the exception of course of American multi-nationals which magically are entirely private enterprises totally unrelated to the US government in any way whatsoever, and would never, ever, be considered or used as tools of US foreign policy. No hypocrisy here. And to lead the uninformed and gullible further down Alice's rabbit-hole of imagination, they glibly dismiss the entire matter by claiming "the old traditions" about respecting private property were established when "property" meant "something different" than what it means today, though they conveniently decline to tell us what these differences might be. In any case, by all this legal sleight-of-hand, the American version of 'rule of law' maintains its halo intact. Nothing else to see here. Let's move on.

On October 22, 1917, President Wilson appointed a man named A. Mitchell Palmer to a newly-created position as America's 'Alien Property Custodian' (6) (7) (8), a post he held for some years. This was a special wartime agency charged with the responsibility to "seize, administer and sell" any "enemy property" in the US. This 'enemy property', of course, meant anything belonging to Germans and, given the extensive propaganda by our Jewish propagandists Lippman and Bernays against the expression of any kind of anti-war sentiment, this definition included the belongings of more than a few dissidents. These seizures were justified as a plan to counter a (non-existent) German plan to control the entire world's commerce, and therefore to make American industry "independent of German ownership".

The position of the US government, so eloquently expressed by Palmer, was that "The same peace which frees the world from the menace of autocratic militarism of the German Empire should free it from the menace of its autocratic industrialism as well." What this means is that Germany had been entirely too successful in its commercial development, otherwise defined as a plan of world domination, and that just as Germany deserved total physical destruction for its determination to protect itself in war, Germany's industries deserved full destruction as well, on the specious basis that both were "autocratic". Or, to

express it in simpler terms, any nation proving superior to the US was by definition morally reprehensible and deserving destruction by the will of God.

The Smithsonian Magazine published a brief article on this very subject on July 28, 2014, written by another Jewish-American, Daniel A. Gross ([9](#)), to which I will make some reference. According to Gross' article, any property in the US owned by German corporations or individuals, or local immigrants of German extraction, was "just an extension of German property" - which gave the US the right to take it, these actions all being subsequently determined to be "legal" according to the uniquely American definition of rule of law. Rules of justice, equity and law notwithstanding, this peculiar view of 'what's yours is mine' proved to be so profitable for the US government and American industry generally that Roosevelt executed this same program to a vastly greater extent after World War II.

These seized enemy assets were put into what Palmer called trusts, to be temporarily administered and then disposed of, with the provision that the administrators and eventual purchasers could be only "real Americans", i.e. not of German descent. Given Palmer's complete control over administration and disposition, the trusts' management positions, the establishment of a sale price, and the eventual selection of purchasers, were all within his discretion and resulted in enormous political patronage. The extent of Palmer's seize-and-sell program was astonishing in its scope. Within less than a year Palmer boasted that he controlled more than 40,000 trusts with assets of nearly one billion (in 1918!), and his program had only just begun. This was much more than nothing, since the total US Federal Government revenues in those years were only between \$800 and \$900 million, meaning that in less than one year the US government confiscated from Germans corporate and personal assets more or less equivalent to an entire year's government revenues, with more to come.

As America's Alien Property Custodian, Palmer began by simply confiscating entire corporations that had German ownership but quickly expanded to include any enterprise that harbored "pro-German sentiments", i.e., objected in any way to US participation in the war. At first, these included any company producing materials that might be significant to a war effort, and included medicines, pharmaceutical firms, dye companies, chemicals, mining companies, virtually any kind of manufacturing, all metal industries, breweries, newspaper and publishing houses, textile companies, shipping lines and much more, gradually expanding to include firms of all kinds. In a very short time, Palmer's office had taken control of hundreds of the largest commercial enterprises in the US. But he also confiscated an enormous number of small and irrelevant firms, solely on the basis of their ownership by persons of German extraction (or having pro-German sentiments), including a pencil-making company in New Jersey, a small chocolate factory in Connecticut, and various small German-owned breweries in Chicago and other cities.

Much of the record has been classified, buried or destroyed, but it appears that Palmer simply identified and seized virtually every German-owned business in the US, excepting perhaps small retailers. Very little escaped this confiscation net, Palmer having created a huge professional team consisting of many hundreds of bankers and investigators tasked with finding any "hidden assets". There were eventually so many firms and seized assets

offered for sale to "real Americans" that Palmer's Alien Property office was for some years by far the largest corporation in America, and which he boastfully described as "the biggest general store in the country".

The evidence suggests that the US government, basking in violent anti-German public support for these policies thanks to Lippman and Bernays, did more than steal from corporate owners and the rich. The Smithsonian article noted, as had others, that Palmer reported widely with more than a hint of pride of his seizure of "small holdings" from individuals, including "three horses" from someone, "some rugs in New York City", and "some cedar logs". The record appears to indicate that Palmer, with the eager support of the US government, simply sought out every American of German ancestry and confiscated all their assets. This is not an unreasonable assumption since it is precisely what Palmer did with corporations - search out every firm owned by a person of German ancestry and confiscate it.

One of the more notable seizures was the entire Bayer chemical company which was sold for a pittance at public auction on the steps of its own factory in New York, the purchaser being the Jewish-owned Sterling Products Company ([10](#)) ([11](#)) ([12](#)) ([13](#)). Bayer was at the time one of the largest companies in the world, producing not only chemicals but a vast assortment of medications including Aspirin which was at the time the world's most popular drug and most valuable patent. Bayer lost all of its foreign assets and most of its export markets, the Americans seizing not only the company's US assets but most of its foreign subsidiaries as well, the US military going into South America, for example, and simply taking ownership of all Bayer's corporations and assets. And of course, Palmer's group confiscated all Bayer's patents and trademarks, which were auctioned off to its (Real American) competitors.

To the extent this matter exists at all in America's historical narrative, the apologists dismiss the entire affair by airily claiming that "Bayer's patents expired during the First World War, and the company lost the trademark rights to aspirin in various countries". Ignorant American historians, living in their fairyland of historical mythology, also claim that, according to the 'Geneva conventions' or some such, when a country loses a war, all its IP, patents, copyrights and trademarks automatically expire. That's nonsense, of course. Bayer's patents and IP did not 'expire'; they were stolen. As with all other German firms, the US claimed worldwide ownership of all the IP and patents of all German products outside Germany itself. The Sterling Company was famous for using Bayer's stolen patents as the basis to file huge lawsuits against Bayer for the production and attempted export of its own products. For example, when Bayer, who still manufactured Aspirin in Germany, attempted to export that drug to other countries, the Sterling company in the US, the firm that bought Bayer's confiscated US company and assets, immediately filed massive lawsuits against Bayer for trademark and patent infringement - of Bayer's own products!

And it was not only that the seizure and sale of German assets were used to bring American industry into a competitive position at virtually no cost, but the destruction of German industry was of equal importance. Several years after the end of the war, the US passed tariff legislation that imposed prohibitive duties as well as anti-dumping fines on any German products that competed with American firms, and German exports to nations other

than the US automatically attracted lawsuits. US-based ICI and DuPont were in a position similar to Sterling, benefitting from the seizure of German assets and patents, prohibitive import duties on competing products, and German exports effectively banned worldwide. BASF and Agfa suffered the same treatment as Bayer, their American assets sold for pennies to US-based Kodak, followed by the institution of severe protectionist policies to ensure Kodak's domination of the US domestic market with German IP.

Again, the thrust was two-fold; one, to enhance US industry through a massive theft of assets and IP, and two, to destroy German industry however possible. German products, companies and subsidiaries outside Germany were almost all seized by the Americans (and in part by the UK), Germany was refused permission to export many products, and huge import tariffs were applied to all others, making exports virtually impossible. As part of the treaties to end World War I, Germany was denied membership in the worldwide Patent Union, meaning that German patents and IP were deemed invalid outside Germany, permitting primarily the Americans to simply copy and steal all new German research and discoveries the moment they occurred. To further this end, the Americans created their ECHELON commercial espionage program - which still operates to this day - to ensure that American industry could learn of all German research and product developments and new domestic patents, passing all of it on to US corporations. The damage to Germany was of course, enormous.

Only one week before the formal end of the war, the US government passed additional legislation permitting it to confiscate and sell all the thousands of patents registered to German individuals and corporations, both in Germany and in the US. Since German firms were world leaders in many commercial areas, American companies could now have full access to German IP and knowhow at a price of only pennies. In one instance, Palmer sold nearly 5,000 chemical patents to a US Chemical NGO which then provided them under license to American firms. It should not go unnoticed here that while the confiscation of military assets after a war may be legally valid, the confiscation of individual and corporate property has always been illegal by all international law. These restrictions however, seldom bother the Americans. They simply passed new legislation "permitting" themselves to seize any and all personal and corporate assets from Germans, whether in the US, Germany, or any other country, and proceeded to plunder with their halos intact and, as always, following the "rule of law".

I will refer in more detail later to the US program of internment of German and German-American nationals within the US, but I would note here that quite large (and understated) numbers of these people were incarcerated in internment camps in the US during the First World War. American history books briefly inform us of the incarceration of Japanese during the Second War, but American history (and historians) have gone dark on the similar incarceration of Germans during the First War. One reason this is important is that under Palmer's authority, all property belonging to interned immigrants or others, whether or not they had been charged with any crime, constituted a kind of 'war property'. Palmer's opinion, shared by American courts, Congress, and the White House, was that "All aliens interned by the government are regarded as enemies, and their property is treated accordingly".

Upon declaration of war, Wilson immediately proclaimed all German citizens as "enemy aliens" who had to complete alien registration forms and be fingerprinted. All German citizens in the US were forced by the new Trading with the Enemy legislation to disclose all their assets and property to Palmer's custodian group. Individuals were forced to disclose all bank accounts and other assets and property, while businesses were forced to turn over all financial and accounting records and customer lists. It was then on Palmer's decision alone that these people, their businesses or their assets, might constitute any kind of threat to the US, real or imagined, justifying their immediate incarceration and seizure of their assets. To add flavor to these egregious offenses, incarceration was often short-term, ending immediately upon all the victim's assets being seized and sold.

The historical narrative softens this blow by claiming Palmer assumed control of these assets only "for the duration of the war", but the seizures and sales were permanent, not temporary. It is true that a few favored and fortunate individuals like Prescott Bush (George Bush's father), the Dulles Brothers, and similar highly-placed bankers and other traitors, all guilty of varying degrees of what we might call financial or industrial adultery, did indeed have their (German) assets returned after the war, but these were very much the exception and required an enormous amount of political power, not only for the asset returns but to escape the jailer and the hangman.

One source lists the value of confiscated personal property from these individual German-Americans alone at more than \$300 million, which would correspond with my information, and these are dollars from 1915, not 2015. It is a matter of public record, which Gross acknowledges in his article, that "historian Adam Hodges found that even women who were American citizens, if married to German and Austro-Hungarian immigrants, were classified as enemy aliens - and they alone lost a combined \$25 million in property to the government". If these women had property worth \$25 million confiscated by their government, the men certainly lost much more since women in 1915 seldom held assets of any consequence and if the wife's assets were plundered then the husband's most assuredly were as well. And these were not necessarily people who were interned, but simply those classified as 'enemy aliens'. Yet more testimony to the stratospheric moral level of rule of law in America. The confiscation of personal property was to prevent German-Americans from aiding the German war effort, though defenders of these policies failed to explain how someone of German ancestry owing a house in the US would be aiding Germany's European war, and how confiscating that home would make the world safe for democracy. It needs to be noted that the US government did not embark on this vast confiscation program on its own initiative, but was obeying its puppet-masters. Similarly, the government did not profit materially from the seizures, distributing the confiscated property to its closest friends either free or at pennies on the dollar.

But in some ways, this was only the tip of the iceberg. In conjunction with the vicious anti-German propaganda efforts of Lippman and Bernays, and their sponsorship of Wilson's anti-dissident legislation (the Espionage Act and Trading with the Enemy Act), Palmer hired a young transvestite lawyer named J. Edgar Hoover who immediately spearheaded the identification of "enemy aliens" and "dissidents" resident in the US. This began of course with those of German heritage but rapidly expanded to include anyone suspected of being against the war in Europe and resisting US entry into that war. With all this assistance and with increasing public suspicion and hatred of Germany, in a few short years the US government had compiled a list of more than half a million persons, forced them to register

as enemy aliens, spied on them, deported countless thousands of them whether American citizens or not, sent huge numbers of them to internment camps - and of course, confiscated all their assets.

Operation Paperclip

The Greatest Intellectual Property Theft in History



OPERATION PAPERCLIP: How the US helped World War II Nazi criminals evade justice to further their own military ambitions. Source

Operation Paperclip contains several parts which I will discuss separately. Briefly, and following from the great success after World War I, the initial overall purpose of Operation Paperclip and its progenitor Operation Overcast was to plunder Germany of all its scientific and industrial knowledge, to the maximum extent possible. The original plan was to steal documents and, where possible, working samples, but the depth and breadth of German industrial knowledge proved much too complex to be usefully understood from a simple examination of documents. In spite of the immense trove of scientific, technical, and industrial knowledge confiscated from Germany, the US failed to benefit due to a lack of know-how. It became quickly apparent that the process would require an extensive debriefing of German scientists and technicians to obtain adequate working knowledge of German industrial and scientific theory and processes. This realisation led immediately to the creation of vast internment camps containing all the scientists and technicians the Americans could take into custody before the arrival of the Russians and others, where these people could be debriefed over time. When it became apparent that plundering and debriefing would be insufficient, Operation Overcast became Operation Paperclip which involved the forcible transfer of countless thousands of these same individuals to the US.

There were two further separate, and more or less unrelated, waves of these forcible transfers, which generally fall under this so-called 'Paperclip' umbrella. These involved not secrets of military or commercial benefit but those related to politics, espionage and the

dark side of terrorism, torture and world domination. One portion involved the Americans' determination to build a European espionage and black ops network to contain Russia and obtain political control of Western Europe. It included the recruitment of a vast espionage network, led by a man named Reinhard Gehlen that included a substantial 'black ops' capacity with a specialty in attracting and training domestic terrorists. Operation Gladio, which produced decades of US-sponsored terrorism in Europe, was a direct result of this portion of Paperclip.

The other even more sinister and deadly category was the Americans' pathological interest in interrogation and torture, in chemical and biological warfare, and in human experimentation, and which led to the importation of thousands of individuals from both Germany and Japan, specifically for the purpose of transferring to American minds the world's collection of documented perversion in these areas. From this, the US government created a vast collection of Germans and especially Japanese with experience in the dark skills of torture and interrogation techniques, human experimentation and biological warfare. For many decades, these imported 'experts' served their American masters on secret projects at Fort Bragg and Fort Detrick. As one author noted, "The US military was not slow to apply much of this knowledge, using their newly-gained experience in biological weaponry against civilians in Greece, Korea and Viet Nam." These programs never stopped. They briefly reared their heads in public during Korea and Vietnam, during the exposure of the US military's so-called "University of the Americas", and yet again during the Iraq war at Abu Ghraib and Guantanamo Bay. It is worth noting that much of this "research" occurred while George H. W. Bush was head of the CIA. And so another direct result of Paperclip was the CIA's vast MK-Ultra program that included brainwashing, torture, and a terrible litany of human abuse that endures to this day. I will deal with these latter two in a later book in this series.

Operation Overcast has been described as being "as massive a logistical enterprise as that of any major war campaign, involving enormous pre-planning and coordination that included literally dozens of government agencies and departments, ancillary groups like the Library of Congress, hundreds of US corporations and countless thousands of individuals." Today this operation is generally identified as a post-war immigration/transfer to the US of German scientists and technicians, primarily those with useful military knowledge and skills, but it began in a different place and expanded far beyond this limited historical version. As in virtually every other area, American history has been revised, rewritten, deleted and sanitised to prevent the truth from escaping into the world at large.

As we've seen, Germany had already been mercilessly looted after the First World War, including the confiscation of virtually all her valuable foreign assets ([14a](#)) ([14b](#)) ([14c](#)) ([14d](#)) ([14e](#)) ([14f](#)) , and plans were well under way to repeat the process long before the Second War ended. Following from, and building upon, their great success after World War One, the Americans decided to forego what were now seen as the moderate benefits of simply confiscating German companies and stealing their patents and intellectual property in foreign countries. They now planned to go directly to the source and plunder the entire nation of Germany itself. It is necessary to appreciate the almost savage determination of the Americans to plunder Germany's knowledge to the maximum extent possible, spurred on in part by an equal determination to deny these prizes of war to Russia. To accomplish this, the logistics and management of this entire vast looting program were firmly in place

by 1942 or 1943, then known by the code name of Operation Overcast, which was to be a treasure hunt throughout occupied Germany for military and scientific booty.

To accomplish these ends, the Americans were ready well before Germany surrendered, to the extent that hundreds of teams of scientists and industrialists, military and other specialists, were virtually embedded with the troops during their final land assault on Germany. These IP collection teams were only minutes or hours behind the troops, often entering dangerous areas in their headlong rush to confiscate everything useful lest it be destroyed before their arrival. These hundreds of well-prepared small groups had been selected in advance, and were generally experts in their fields, whether scientific, military or industrial, and qualified to judge what material was useful or valuable to their narrow field of expertise.

A few groups were tasked with collecting and evaluating military items, but by far the largest contingent was the TIIB, the Technical Industrial Intelligence Branch, part of the US Department of Commerce and tasked with examining every single segment of German industry and to collect any and all information including documents, patents, processes, models, working samples, anything that might be of interest or use to American industrial firms. Michaels noted that in 1946 alone, the TIIB sent more than 400 investigators to Germany for commercial purposes, and that they alone confiscated millions of pages of documents and hundreds of thousands of pounds of equipment and product samples. Even the Library of Congress had its own Foreign Mission which was to locate and confiscate all books and journals published in Germany that might possibly be of interest to any part of corporate or scientific America.

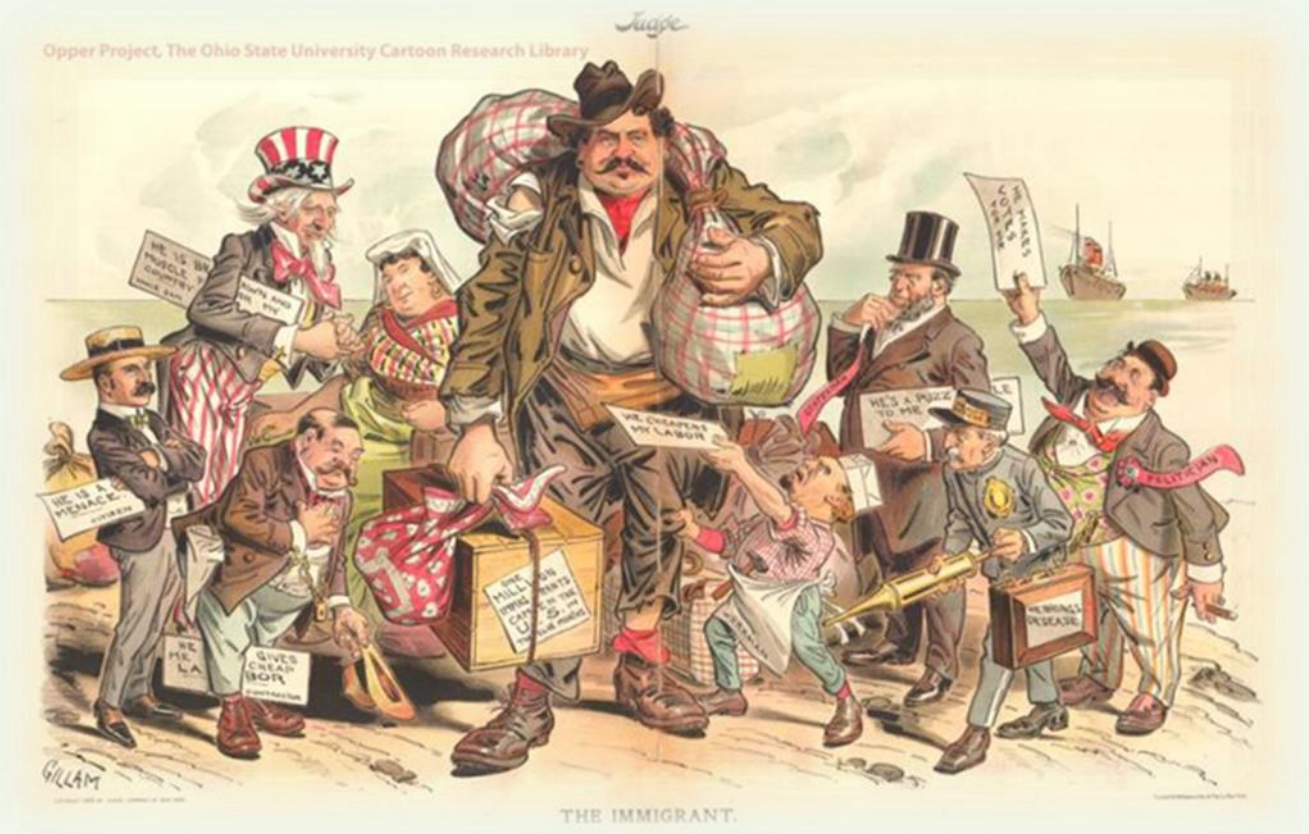
Every kind of German company was targeted in this process, regardless of size, so long as it might contain research information or products of potential use to American companies. Michaels notes that "much of this information had already been compiled and made available ... by the United States intelligence agencies", meaning that these teams were well-informed and knew where to begin their searches. In particular, all universities, research institutes, patent offices, laboratories of all kinds, all government agencies like Germany's equivalent of a National Research Council, and much more, were all on the list. Libraries were another specialty, not only the public version but more notably those existing within large corporations like I.G. Farben or the German aircraft manufacturers, which contained not only many tens of thousands of books and other publications, but valuable research and proprietary information not in the public domain. And of course, the physical facilities of all German industrial firms were directly targeted for these search-and-seize missions, including chemical firms like I. G. Farben, auto firms like Volkswagen, major aircraft companies like Dornier and Messerschmitt, pharmaceutical firms like **Hoescht**, but the searches covered virtually everything. The internal research facilities of these thousands of firms were emptied of all their research documents, publications, and proprietary information. Entire factories and physical production facilities were combed for anything of commercial value. Even the Steiff stuffed animal factory was emptied of its patterns, proprietary books and documents, production methods, patents, and samples of teddy bears.

The first part of this Operation Overcast was the outright theft of everything not nailed down, including but not limited to samples of aircraft, vehicles and every kind of product and invention, as well as libraries of books and scientific documents from literally countless sources. The Americans totally looted corporate files and archives, government patent offices, university libraries and document archives, entire warehouses of military files, and much more. Michaels tells us they went through Germany's print and microfiche storehouses in waves, and what one wave didn't take, the next one did, until virtually nothing remained. The document haul alone was in the tens of thousands of tons. No one counted the number of samples, prototypes, working models, of vehicles, aircraft, military appliances, and vast numbers of commercial items, and the number of books stolen was likely in the millions. Theodore von Karman, a world-famous aeronautical scientist who was a member of one of the search-and-loot teams, wrote that more than 3 million documents weighing more than 1,500 tons were collected and shipped to the US in one batch, referred to later as "the motherlode". His comments:

"The Annual Report of the Secretary of Commerce for 1946 talks about 3,500,000 pages that TIIB selected. If one adds the documents brought to the United States and processed at Wright Field [aircraft-related], and those deposited at the Library of Congress, then the number of pages becomes astronomical. I remember that when I came to the Library in 1957, there were large green boxes, 'footlockers' 8 feet long, stored, to the very ceilings, in the hallways and vestibules of the 4th floor of the Adams Building, containing documents to be processed by the Air Information and Air Technology Divisions under contract to the Air Force."

And this was just the military haul alone. The scientific, commercial, industrial and research volume would have added enormously to the total, as would the collections sourced by the US Library of Congress which had its own mission to confiscate more or less whatever books and publications it could find, and its volume of looted books was in the uncounted hundreds of thousands, to say nothing of the vast trove of commercial material it plundered. Michaels wrote, "I am not sure that there was, in the end, an exact accounting of how many documents/pages were taken from Germany, or if that was at all possible. Some documents contained more than 1,000 pages, others, like patent applications, only one."

The Second Wave - Forcible Emigration



The original intent (of the project named **Operation Overcast**) was to steal documents and working samples, and to debrief scientists wherever necessary to obtain working knowledge of theory and processes. Since the extent of necessary debriefing could not reasonably be known in advance, the plan was to gather up all German scientists and technicians to prevent their dispersion, and to imprison them in concentration camps until they could be fully debriefed and all useful information extracted. However, German knowledge was far in advance of anything imagined by the Americans, and it was realised almost at the beginning that simple confiscation and debriefing would be hopelessly insufficient. As one example, the US military located and 'liberated' the components for more than 100 V-2 rockets but discovered they had no idea how to assemble the pieces nor any understanding of either the scientific principles or the mechanics of how the rockets functioned. From this one dilemma and so many others in so many industrial areas, the Americans realised that, just as occurred after World War One, they were so far behind Germany they weren't able to even understand, much less utilise, much of the scientific and other knowledge they had stolen. They now realised they had no choice but to relocate to the US their thousands of captive engineers and technicians, and eventually a great many skilled craftsmen as well. As one author noted,

"The American experience of virtual hopelessness in deciphering Germany's wartime rocket program alone, quickly led to the solution of confiscating not only the documentation and products but the people as well, for hundreds of other scientific,

military and commercial processes." And thus was born the project we now generally refer to as Operation Paperclip.

It hasn't received notice in the historical narrative, but these deportations were forcible - the Germans and Japanese being sent to the US "whether they wanted to go, or not". The alternative presented to them was a trial and probable execution as war criminals, the US having essentially full authority and discretion to make these determinations and thus leaving the victims with little choice. These "relocations" were not only forcible, but abrupt, with only one day's notice in many cases:

"On orders of Military Government you are to report with your family and baggage as much as you can carry tomorrow noon at 1300 hours (Friday, 22 June 1945) at the town square in Bitterfeld. There is no need to bring winter clothing. Easily carried possessions, such as family documents, jewelry, and the like should be taken along. You will be transported by motor vehicle to the nearest railway station. From there you will travel on to the West. Please tell the bearer of this letter how large your family is."

While these first waves consisted of personnel transfers with an exclusively military benefit, all subsequent waves were of purely commercial interest, the Americans forcibly importing scientists, technicians, skilled workmen and specialist craftsmen in virtually every industry, including steel, metal fabrication, glass, porcelain, printing, dyes and fabrics, electronics, musical instruments, auto manufacturing, aircraft design. The list is almost endless. The US imported specialist craftsmen from Germany in many industries to enhance the skills of their domestic industry and to create new trades and industries.

After further debriefing was deemed impossible, and many thousands of the most attractive knowledge candidates had been transferred to the US, there was still an enormous remainder in American concentration camps in Germany, people for whom the Americans had no further need but claimed an unwillingness to leave any intellectual residue for the Russians. This in turn led to a plan by American General R. L. Walsh, known as the German "Urwald-Programm" or jungle program (15a) (15b) (15c) (15d) (15e) (15f) which was a massive plan to disperse and resettle these people as widely as possible anywhere and everywhere in the Third World, as one way to prevent Germany from ever again forming a critical mass of industrial knowledge.

But this is yet another historical myth covering yet another sinister agenda. If this large remainder of hundreds of thousands of scientists, technicians and craftsmen were deemed useless to the US, they would be equally useless to Russia. The real intent was to complete the total destruction of Germany by forever depriving the country of not only its best scientific minds which had already been transferred to the US, but also to deprive Germany forever of this entire second and third tier of scientific intellectuals, to totally prevent a German attempt to rebuild itself after the war - which destruction of Germany was after

all one of the main original goals of Paperclip and its many brethren, as it was of the war itself. Those not transferred to the US or the UK or scattered worldwide, were initially kept isolated and imprisoned for years, effectively disabling any possibility of Germany's recovery. But in the end, those 'debriefed and not especially valuable' millions were either executed outright or starved to death, totaling millions of Germans, a large part of the content of **Bacque's "Other Losses"** (16) It should be noted, as Bacque has done, that the death by starvation of the many millions of German civilians was a planned and deliberate process that eventually encompassed 12 to 14 million German citizens killed in the five years after the war ended (17) (18a) (18b) (18c) (18d) These were famous as **"Eisenhower's Death Camps"**.





*Auschwitz, Buchenwald and Alfred Hitchcock's first horror movie. From *Memoirs of a German Soldier*. [Source](#)*

This madam [AND ALL
 THE WORLD] is just
 a sample of what
 we saw & lived for
 days after we hit
 Dachau. Piles like
 this all over! It's
 not that they are
dead — look at
 the starved, tortured,
 diseased, stink-
 ladenness off them
 all. P.S. Some in this pile
 are not yet quite
 dead. Nice?
 P.S. You BET I WUZ DER,
 CHARLIE! *T*! *T*!



Horror: This was a picture taken by Capt Wilsey in his letters to his wife, Emily.

On the back he wrote: 'just a sample of what we saw & lived for days after we hit Dachau. Piles like this all over!' Source



Now it turns out that the popular photographs we all saw, with piles of emaciated corpses, were not of Jews killed by Germans (as we were told), but of Germans in American camps killed by Americans. An undetermined number of those imprisoned and killed were women, and more than a few were children. Source

In 1987, **Tom Bower** wrote a book titled "**The Paperclip Conspiracy**" (19) in which he detailed the extent, and the value, to the US military alone, of the importation of these German scientists. He listed scores of dramatic German achievements that had been far beyond the ability of the US at the time: **advanced aircraft power plants, guided missile control, in-flight refueling, high-temperature alloys, precision optics, infra-red detectors, new diesel engines, new fuels and lubricants, a wind tunnel running at Mach 8, which was three times the speed and ten years ahead of the best American effort, high-altitude reconnaissance and mapping, acoustic weapons.** He further noted the American military opinion that the Germans had "made contributions of an unusual and fundamental nature" in the realms of equipment design and development, generators, microwave techniques and crystal structures. In a review of this book, Publisher's Weekly wrote, "Bower's revelations are individually shocking and cumulatively devastating . . . will appall readers."

Here are a few observations paraphrased from Bower's book:

In the opinion of American military leaders at the time, **the Germans were "superlative specialists the best available in the world today", that they possessed a level of "professional education and training that were much superior to that of any US personnel available".** According to Bower's research, American officials claimed, **"These German engineers are industrious, have technical and scientific training second to none, have production and operational experience in all types of advanced aircraft power plants and have demonstrated initiative, invention and practicability of design."** Military officials claimed the presence of these Germans was saving the Air Force countless millions of dollars and ten years' work in weapons development.

In an elsewhere-referenced article by Andrew Walker, he wrote that **"Major-General Hugh Knerr, deputy commander of the US Air Force in Europe, wrote:**

"Occupation of German scientific and industrial establishments has revealed the fact that we have been alarmingly backward in many fields of research. If we do not take the opportunity to seize the apparatus and the brains that developed it and put the combination back to work promptly, we will remain ... years behind while we attempt to cover a field already exploited."

US military experts stated that these German engineers and scientists brought to the US dramatic achievements that were far beyond American ability at the time. In terms of specifics, this included guided missile control, the techniques for in-flight refueling, pilot equipment for high-altitude flying, high-temperature alloys, precision optics, infra-red detectors, new diesel engines, new fuels and lubricants, high - temperature alloys, precision optics, and a gun sight for night - fighters "of epoch - making importance". **The Germans has a wind tunnel running at Mach 8, which was three times the speed and ten years ahead of the best American wind tunnel. They had also achieved amazing levels in the optics of high-altitude reconnaissance and mapping, acoustic weapons, and much more.** Bower further noted the American military opinion that the Germans had "made contributions of an unusual and fundamental nature" in the realms of equipment design and development, generators, microwave techniques and crystal structures.

In a **BBC** news article on 21 November 2005 titled, *"Project Paperclip - Dark side of the Moon"* (20). **Andrew Walker** detailed how 60 years ago these imported German scientists provided the US with cutting-edge technology in which it still leads today. He claims, as do so many others, that **"The range of Germany's technical achievement astounded Allied scientific intelligence experts accompanying the invading forces in 1945."** In addition to the items covered in Tom Bower's book, Walker lists **"supersonic rockets, nerve gas, jet aircraft, guided missiles, stealth technology and hardened armour"** as just a few of the groundbreaking technologies developed in Germany during the war. US forces recovered and removed the components for about *100 German V-2 ballistic missiles* from the underground Nordhausen complex, and brought both these and **Wernher von Braun** from Germany to the *White Sands Proving Grounds in New Mexico*. **It was entirely von Braun who masterminded the American moon landings,**

Arthur Rudolph who led the team that designed and built the Saturn V rocket, and Hubertus Strughold who designed NASA's on-board life-support systems, while other German rocket specialists designed the Apollo and other launch systems.

Walker argues, as do most others, that Germany's **Horten Ho 229 was the first stealth aircraft, complete with radar-absorbing skin and single-wing shape**, and that the **US-based Northrop B-2 stealth bomber (at \$2 billion each) is virtually a clone of the German design from 1944**. He notes too, that modern US cruise missiles are still based on the German V-1 rocket design and that NASA's X-"state of the art" **X-43 hypersonic aircraft exists only due to German pioneering in jet aircraft**.

Secrets by the Thousands



One of the few recorded instances of public documentation and acknowledgement of this massive theft was an article in the October, 1946 issue of *Harper's Magazine* written by **C. Lester Walker** and titled, "**Secrets by the Thousands**". His article begins with the following:

"Someone wrote to Wright Field recently, saying he understood this country had got together quite a collection of enemy war secrets, that many were now on public sale, and could he, please, be sent everything on German jet engines. The Air Documents Division of the Army Air Forces answered: **"Sorry - but that would be fifty tons (of documents)"**. Moreover, that fifty tons was just a small portion of what is today undoubtedly the biggest collection of captured enemy war secrets ever assembled. If you always thought of war secrets - as who hasn't? - as coming in sixes and sevens, as a few items of information readily handed on to the properly interested authorities, **it may interest you to learn that the war secrets in this collection run into the thousands, that the mass of documents is**

mountainous, and that there has never before been anything quite comparable to it.

The collection is today chiefly in three places; Wright Field (Ohio), the Library of Congress, and the Department of Commerce. **Wright Field** is working from a documents mother lode of fifteen hundred tons. In Washington, the Office of Technical Services reports that tens of thousands of tons of material are involved. It is estimated that over a million separate items must be handled, and that they, very likely, contain practically all the scientific, industrial, and military secrets of Germany. One Washington official has called it the greatest single source of this type of material in the world, **the first orderly exploitation of an entire country's brainpower."**

Walker confirms that the US organised a colossal search for what it euphemistically termed "war secrets" but **which was simply a treasure hunt for military, commercial and scientific knowledge that the US lacked.** To accomplish this task, various US agencies formed more than 500 intelligence groups, ranging in size from a few to a dozen or more individuals, which closely followed the invading US army into Germany with the intent of confiscating everything of value before the other Allied forces arrived. Most of these Joint Intelligence Objectives search teams were ordered to locate and confiscate industrial and scientific secrets in particular. According to Walker, these US heroes "performed prodigies of ingenuity and tenacity" in accomplishing their task. To some extent, he was correct. **In one case the German Patent Office put some of its most secret patents down a sixteen-hundred-foot mine shaft, but the Americans found it and confiscated the entire contents as US "war reparations".**

German citizens were regularly forced by the Americans to sign documents testifying that they had turned over "all scientific and trade data, and if not, would accept the consequences" - **which meant being delivered to the Russians for execution.** Most capitulated under these threats. These were not staff of military research establishments but of commercial enterprises such as optical and pharmaceutical companies, not at all related to 'war secrets'. The US had multiple photo crews and microfilm recording teams that often worked 24 hours a day documenting their finds. Walker noted that at Hoechst alone, the enormous German chemicals firm that resulted when IG Farben was split into various components, the US had more than 100 researchers who would "struggle feverishly to keep ahead of the forty OTS document-recording cameras which route to them each month over one hundred thousand feet of microfilm". To put this into measurable perspective, **the US was extracting several million pages of documents each month from Hoechst alone.** Such was the scale of the US theft of German scientific and commercial secrets.

Walker then proceeds to give readers "some outstanding examples from the war secrets collection" which included 1,000-watt micro-miniature vacuum tubes made of porcelain rather than glass, that were virtually indestructible, and a tenth the size of the best the US could make. He listed an apparently miraculous magnetic recording tape, and infrared devices for perfect night vision and a "remarkable diminutive generator which operated it". He states that **German infrared technology was so advanced that, according to US military sources, "German cars could drive at any speed in a total black-out,**

seeing objects clear as day two hundred meters ahead. Tanks with this device could spot targets two miles away. As a sniperscope it enabled German riflemen to pick off a man in total blackness. ...It stepped up current from an ordinary flashlight battery to 15,000 volts." Prior to these discoveries the Americans had no idea these items even existed, much less of how to design or manufacture them.

Walker listed an array of electronic items including remarkable condensers that appeared to be magic to American scientists, the manufacture of large sheets of synthetic mica, which was important for many manufacturing processes and which the Americans had never been able to make, in any size, but **which immediately increased American cold steel production by 1,000%.** The Germans had perfected the process of cold metal extrusion, which the Americans also could never do, and which now permitted US manufacturers to increase the production speed of many items by ten times. Walker stated that the head of a military communications unit told him this one "war secret" alone would totally revolutionise dozens of American metal fabrication industries.

Walker went on to state that "In textiles the war secrets collection has produced so many revelations that American textile men are a little dizzy." He relates discoveries of a German rayon-weaving machine ("discovered" by the American Knitting Machine Team that was scouring Germany) that increases production by 150%. There were looms that produced seamless hosiery for ladies, textile needle-making machinery that the American firms had never dreamt possible, a patented way to separate the wool from sheepskin leaving a perfect hide surface.

Walker's sources told him, "... of all the industrial secrets, perhaps the biggest windfall came from the laboratories and plants of the great German cartel, I. G. Farbenindustrie. Never before, it is claimed, was there such a store-house of secret information. It covers liquid and solid fuels, metallurgy, synthetic rubber, textiles, chemicals, plastics, drugs, dyes. One American dye authority declared, "It includes the production know-how and the secret formulas for over fifty thousand dyes. Many of them are faster and better than ours. Many are colors we were never able to make. The American dye industry will be advanced at least ten years."

In one of his excellently-researched articles, **Daniel Michaels** wrote:

"One of the largest hauls of classified information harvested by the Allies came from laboratories and plants of IG Farben, a syndicate with close American ties that held an almost complete monopoly on chemical production. Chemistry of course was the foundation for the creation of most synthetics. **The enormous IG Farben Building in Frankfurt, which housed records of estimable value, was 'miraculously' spared during World War II bombing orgy, proving that better bombing accuracy was possible if the Allies had wished it.** The vaults of the Farben Building contained secret industrial information on, among others, liquid and solid fuels, metallurgy, synthetic rubber, textiles, chemicals, plastics, drugs and dyes. Several U.S. Army officers stationed in the Farben Building after the war commented

that the value of the files and records confiscated would (from that source alone) have been sufficient to finance the war."

Michaels also noted that among the great aeronautical discoveries were **"the papers describing the sweptback wing and providing considerable wind-tunnel data which showed clearly that the sweptback plane had superior speed properties near the speed of sound.** These data were the first of their kind. Schairer (a Boeing engineer) quickly wrote to his Boeing associates to stop work on the Mach 1 transonic plane with the straight wing which they had designed, telling them of his find. He microfilmed the data and used them when he got back to Seattle to design the B-47, the first U.S. sweptback bomber...."

Walker continues:

"In matters of food, medicine, and branches of the military art the finds of the search teams were no less impressive. And in aeronautics and guided missiles they proved to be downright alarming. ... the Germans had discovered was a way to sterilize fruit juices without heat. Milk pasteurization by ultra-violet has always failed in other countries, but the Germans had found how to do it ..." His sources told him the Germans had invented a continuous butter-making machine, something the Americans had always wanted but couldn't figure out how to do it. **Samples of the machine were immediately confiscated and shipped to the US dairy companies.** The Germans had invented remarkable new ways of preserving food, and air conditioning and water reclamation so efficient that **"German submarines could travel from Germany to the Pacific, operate there for two months, and then return to Germany without having to take on fresh water for the crew."**

Walker tells us as well that a US Army surgeon claimed German medical secrets, many of which were startling and revolutionary, would save American medicine "years of research", items that included a process for producing synthetic blood plasma on a commercial scale, and substitutes for both blood liquid and adrenaline. These were also areas where the Americans had tried for years, and failed, but Walker then crowed, "Today we have the secret of manufacture." And let's not forget these were all categorised by the Americans as "war secrets", this categorisation somehow justifying their theft.

The Germans also had developed methods of reviving bodies in cases of complete standstill of heart and cessation of respiration, Walker noting that "Before our war with Japan ended, this method was adopted as the treatment for use by all American Air-Sea Rescue Services, and it is generally accepted by medicine today." Likewise, the Germans had already discovered the medical importance of negatively-ionised air and methods of creating it.

Walker further proceeds to tell us, "But of highest significance for the future were the German secrets in aviation and in various types of missiles. The V-2 rocket which bombed London, an Army Air Force publication reports, was just a toy compared to what the

Germans had up their sleeve. When the war ended, we now know, they had 138 types of guided missiles in various stages of production or development, using every known kind of remote control and fuse: radio, radar, wire, continuous wave, acoustics, infra-red, light beams, and magnetics, to name some; and for power, all methods of jet propulsion for either subsonic or supersonic speeds. Jet propulsion had even been applied to helicopter flight. The fuel was piped to combustion chambers at the rotor blade tips, where it exploded, whirling the blades around like a lawn sprinkler or pinwheel." He goes on to mention supersonic rockets with speeds of almost 6,000 miles per hour with intercontinental range, that could reach New York from Germany in about 40 minutes. He tells us, "Little wonder, then, that today Army Air Force experts declare publicly that in rocket power and guided missiles the Germans were ahead of us by at least ten years."

Walker completes his article with examples of how "the American public", i.e., American companies "are eating up" all this information, with hundreds of thousands of requests for documents on every conceivable commercial application. American companies like Bendix, Pillsbury, Pioneer, Pacific Mills, requested German patent and process information on record player changers, flour and bread production methods, insect repellent compounds, crease-resistant finishes for spun rayon. And of course Polaroid, the great American camera company obtained all its information from the exploitation of German photography and optics documents, as did Kodak after World War I, without which the company would have amounted to nothing.

I would note here that I have seen several claims that this October, 1946 issue of Harper's is unavailable publicly in print form. They claim that even in libraries or other collections that contain every issue of Harper's since inception, this one issue is missing. I have not researched the matter and cannot confirm the accuracy of the claim. This article is available online from Harper's, for a price, if you know the title and publication date. The issue is of course that there are few people alive who would be aware of the existence of this article and even fewer who could specify the precise title or date of publication.

Walker tells us American companies believe the prospecting is so good that "Company executives practically park on the OTS' front doorstep, wanting to be first to get hold of a particular report on publication. Some information is so valuable that to get it a single day ahead of a competitor may be worth thousands of dollars." Many executives claimed the German information was worth millions or even many tens of millions to their firm, and all parties eventually agreed that the entire trove of stolen IP from Germany was worth at least \$10 billion in 1945 dollars.

In his book, Friedrich George wrote:

"It is of course impossible to determine exactly how much the confiscation, sale, and the industrial exploitation of the German patents enriched the United States and Israel in dollars. Prof. John Gimbel, in his book *Science, Technology, and Reparations: Exploitation and Plunder in Postwar Germany*, estimates the 'intellectual reparations' taken by the U.S. and the UK alone amounted to about \$10 billion. In 1952 the publisher Herbert Grabert ventured an estimate of \$30 billion. Converted into 2008 dollars these estimates would amount to hundreds of billions.

If the loot taken by the Soviet Union were also taken into account, the sum would likely approach \$1 trillion. An infusion of this amount into the U.S. economy over a period of years easily explains U.S. postwar prosperity."

George's final comment above should be engraved on the outside front cover of every American history and economics textbook. As we will see later, that brief period of US prosperity that lasted only about 40 years and was responsible for the creation of the American middle class, resulted from two things. One was this massive theft of the entire IP of what was the most scientifically-creative nation in the world, and the other the socialist labor contract that was instituted to prevent what would almost certainly have been a popular revolution in the US.

Daniel W. Michaels wrote a series of informative and excellently-researched articles on this matter, one titled **"The Great Patents Heist"**, which is filled with detail and background. (21) ([21a](#)) ([21b](#)) ([21c](#)) ([21d](#)) ([21e](#)) ([21f](#)) Michaels was for decades employed as a translator of German for the US Department of Defense and the Naval Maritime Intelligence Center, and has much personal experience of the extent of this theft. **John Gimbel** also wrote a treatise titled, **"Science, Technology, and Reparations. Exploitation and Plunder in Postwar Germany"**, which was published by the Stanford University Press in 1990.

Michaels begins by stating, "It is quite acceptable to American pride to acknowledge that immigrants have contributed to our prosperity and greatness. It's a little harder to swallow that a good deal of our scientific lead and prosperity has come from simply seizing German patents and inventions after World War I, and far more so after World War II." He notes that the most creative period in world history may have occurred in Germany between 1932 and 1945, and that it was the theft of this German scientific research that fueled America's post-war technology boom. **It was Truman's Executive Order 9604 - which, he notes, was also known as the "License to Steal" - that constituted what was perhaps the greatest robbery in the history of the World, the theft of all German intellectual property, products, processes and patents existing to that time.**

The US today makes a great show of protecting intellectual property while disclaiming any past or present efforts to obtain by clandestine or dishonest measures the IP of other nations, desperately insisting its espionage and other efforts deal only with 'terrorism' or national security issues. These denials can be easily dismissed as outright lies when faced with these revelations and the subsequent Project Echelon. Truman's Executive Order 9604 provided for the seizure of "scientific and industrial information, including all information concerning scientific, industrial and technological processes, inventions, methods, devices, improvements and advances" discovered in Germany, and "regardless of its origin".

Michaels again:

"The theft of intellectual property is not new, but the extent and ruthlessness of what the "wannabe" superpowers did in Germany from 1945 to 1948 was unprecedented. The United States ... literally stole the entire extant store of German patents, designs, inventions and trademarks. Germans, who were not forthcoming in informing the U.S. Occupation Forces of the existence and location of such records could be imprisoned, punished and even threatened with death for "insufficient reporting".

When World War II ended, America's elite determined that the United States would not lapse back into its prewar depressed state, but rather would revitalize its economy and have a first-class military and industrial establishment. To this end, Germany's advanced military hardware, aeronautical and industrial secrets would simply be confiscated and transplanted in America ... reinvented and stamped "Made in the U.S.A.". To ensure that the Allies would have an insurmountable head start in exploiting the patents, the Germans were even forbidden to use or refer to their own inventions after they were confiscated. The German Patent Office was closed by the Allies and (when it reopened), the first number assigned was 800,001, indicating that some 800,000 original patents had been looted by the Allies."

Of course, thefts of this kind have always been against all international law. Gimbel noted in his book that "Concerning the legality of the U.S. confiscations of German property, William G. Downey, chief of the Army's International Law Branch in the Judge Advocate General's Office, quoting extensively from The Hague Convention rules on the seizure of private enemy property, wrote: "It is a generally recognized principle of the international law of war that enemy private property may not be seized unless it is susceptible of direct military use. An army of occupation can only take possession...of property belonging to the state." But as we have seen in so many other instances, neither domestic nor international law have restrained the US government from any course of action it chose to take.

Michaels' article quoted as follows from the memoirs of Konrad Adenauer, the first chancellor of the German Federal Republic:

"At the end of 1948 the director of the American office for technical services, Mr. John Green, gave the press a report on his activities, which were concerned with the exploitations of German patents and industrial secrets. According to a statement made by an American expert, the patents formerly belonging to IG Farben have given the American chemical industry a lead of at least 10 years. The damage thus caused to the German economy is huge and cannot be assessed in figures. It is extraordinarily regrettable that the new German inventions cannot be protected either, because Germany is not a member of the Patent Union. Britain has declared that it will respect German inventions regardless of what the peace treaty may say. But America has refused to issue such a declaration. German inventors are therefore not in a position to exploit their own inventions. This puts a considerable brake on German economic development."

Adenauer's comments about a "brake on German economic development" were a gross understatement at best. Since the German economy was in ruins after the war, without sufficient funds even for immediate rebuilding of basic infrastructure, new research and development were not an immediate priority. Germany had been deprived of all prior IP in existence to that point and, by its deliberate exclusion from the international Patent Union, could not patent or exploit any new discoveries. All new German inventions or scientific discoveries were simply confiscated by the US and, thanks to the massive and overwhelming infiltration of the US' Project Echelon, American espionage would almost certainly discover and therefore seize any German inventions regardless of how carefully protected they might have been. But even more, Germany had already been deprived of all its best scientific minds, either by forced deportation to the US or scattered throughout the world.

It was almost ten years later that Adenauer was still demanding of then US President Eisenhower a resolution to the question of American confiscation of German patents and trademarks. Eisenhower apparently assured Adenauer that no further German IP or other assets would be confiscated, and that restitution of the stolen German IP assets "would be considered" at some future date. As of 2016, that 'restitution date' has not yet arrived. But around that time, at least ten years after the end of the war, in May of 1955, the Americans, "aware of the improprieties involved in their seizure of German industrial secrets", forced Germany to sign the 'Paris Agreement' and "to renounce all claims or objections to Allied actions during the occupation". The so-called "agreement" stated:

"The [German] federal government shall in the future raise no objections against the measures which have been, or will be, carried out with regard to German external assets or other property, seized for the purpose of reparation or restitution, or as a result of the state of war, or on the basis of agreements concluded, or to be concluded by the Three Powers with any other Allied countries, neutral countries or former allies of Germany."

George wrote, "It is clear from the above provision that the Allies, chiefly the United States, still maintain the right to monitor German industry by means of the 'Echelon' eavesdropping program and other intelligence agencies. The fruits of this ongoing surveillance are sent, among other destinations, to U.S. and Israeli recipients."

Backward America



As I have written at length elsewhere and, as Michaels notes in his article, the US was never much of a contender, much less a leader, in any scientific or industrial innovation, producing mostly poor-quality consumer goods that seldom equaled even the average of other industrialised nations, and never equaled the best of anything. Many Americans will object to this categorisation, but it happens to be the documentable truth and one not suffering for lack of hard evidence. US wartime production was notable for its volume, as were its consumer goods in the pre and post war periods, but American goods were never notable for quality - except in the minds of Americans. Michaels noted too that even during the stress of wartime, the Americans produced nothing worthy of admiration or even attention. The propaganda machine has so rewritten the US historical record that virtually no Americans are aware of the bland and underwhelming truths of their own nation, most having been terminally infected by the Disney-inspired jingoistic babble of American superiority supported by a truly legendary level of ignorance. More later.

I've detailed elsewhere that US autos were primarily designed and sold as fashion accessories rather than machines of transportation, and their aircraft and other war machinery suffered from the same misdirected priorities and general lack of ability. One example I provided was that of the "world-famous" (to Americans) North American P-51 Mustang fighter aircraft which "saved all of Europe single-

handedly" (in the minds of Americans), and "is widely considered (by Americans) the best piston single fighter aircraft of all time". To re-state, this aircraft's original designation was the XP-78, a name almost nobody has ever heard of, and for good reason. The aircraft's performance was underwhelming to say the least and, with its American-built Allison engines, was of no more use during wartime than a lawn mower. It was the re-fitting of this aircraft with the British Rolls-Royce Merlin engine that gave it sufficient speed and range to make it useful, but the original American version wouldn't have made a list of the top 500. This is a typical example of pre-war American ingenuity and innovation, as well as of American jingoism and historical revisionism.

In the meantime, and contrary to the fervent belief of virtually all Americans, we could note Michaels' observations that German scientists had done most of the basic work related to civilian postwar industrial technologies. As one example, he notes that Germans were "enjoying color TV and color photography a decade before the American public could buy its first black-and-white sets", and this was only one of many dozens of creations for which Americans now inexplicably take credit. German scientists developed the electronic quartz-crystal timepieces, transistor and semiconductor technology, the first programmable computers, the industrial production of integrated circuits, processes for the creation of synthetic goods including fuels and lubricants, synthetic mica for the production of steel, synthetic sapphires and other precious stones, and so much more. As one notable result, it was from these thefts and the subsequent thefts through the Echelon program that the US took the lead in semi-conductor manufacture. Without the massive thefts of Germany's discoveries, our semi-conductor world would look very different today, and companies like Intel would likely not exist.

Another item of enormous consequence is this quote from Michaels' article, relating to Nobel prizes in which Americans today take an unwarranted pride:

"Even during the war, the United States was not particularly noted for major breakthroughs in pure science or innovative technologies. The National Science Foundation brought this deficit in American capabilities sharply to the attention of the government in a 1946 report indicating, among other factors, that up to that date the United States had been the home of only four Nobel Prize winners in chemistry as compared to 37 recipients in Europe, eight U.S. winners in Physics to 39 in Europe, and six in medicine, to 37 in Europe. Most of these prizes were awarded to Germans and Austrians."

And that is the truth of American innovation and scientific discovery. It was due solely to the massive theft of German IP, products and processes after both World Wars, and the simultaneous denial to Germany of the use and credit of their own inventions, that discoveries and Nobel prizes began accruing to America. And, if

that weren't bad enough, virtually all of these discoveries and prizes were not made by, nor awarded to, "Americans", but to the German and other scientists forcibly emigrated to the US after the Second War. As I've noted elsewhere, there exists substantial documentation from many studies that even today more than 75% of all discoveries and patents are to the credit of Chinese, Indian and German scientists resident in the US. **The "Americans", whoever they are, still exhibit no innovative ability, nothing having changed in the past 100 years.**

Results and Aftermath of Paperclip



After this massive theft and orgy of looting, post-War Germany had to begin re-inventing its world all over again. Faced with the forced worldwide loss of its scientists, technicians and craftsmen through dispersal and death, the only useful knowledge left in the country was that remaining in the memories of those few scientists still in the country. Moreover, Germany was under severe restrictions on research, development, patents and marketing after the war. With all German postwar inventions summarily confiscated and patented primarily by American firms, primarily through US government-sponsored espionage, research in Germany came to almost a standstill, as one would expect. Since Germany lacked the financing ability for long-term research and was in any case deprived of all future advantage of the results of any such research, we can't be surprised at a certain lag in enthusiasm. Then, to put the final nail in the coffin, the US government offered attractive research opportunities to any competent German scientists, including new graduates, resulting in a flood of the best German minds emigrating to the US in search of opportunities. Project Paperclip finally ceased its more public marauding, following a bitter protest from West Germany that these American programs - Paperclip and Echelon - had "stripped Germany of all its scientific skills".

If not for Operation Paperclip and the importation of several tens of thousands of German and Japanese scientists, the US would not likely have taken the lead in development of anything. It was only from a combination of all these that the US prospered in scientific development after the war, and it was only these prior events that resulted in the great shift of Nobel Prizes suddenly being allocated to so-called "Americans". Without this massive forcible surrender of IP, patents and know-how, the theft of millions of books and documents forming the entire historical record of Germany's inventions, and the forced transfer of tens of thousands of the most competent scientists, the US would have been nothing. For Americans today to complain about the theft of US commercial secrets or the copying of American IP is an hypocrisy so obscene as to warrant the death penalty.

Operation Paperclip has never really ceased, not in any of its forms. Even today, scientific immigration is a small but focused area of economic colonisation practiced by the US, a predatory immigration policy existing since the end of World War II, meant to vacuum up and concentrate the best and brightest people - and the cash - from both developed and developing nations, programs presented in generous humanistic terms, but that really function as just another colonisation tool.

Scientists and researchers playing musical chairs among the Western nations may create no net benefit or loss to any country, but laying out the red carpet to the brilliant and rich in the world's developing countries is neither accidental nor benign, and incurs great losses to those nations because they are least able to afford this drain. It may well be true that many of these migrants would have had little opportunity to pursue their research or other work in their home countries, but this fact serves only as an illusion to mask the larger reality. This emigration removes forever the potential contributions to domestic development by these people, however small they might have been, and permanently transfers those contributions to the US, thereby magnifying - and serving to maintain - the income disparity between rich and poor nations. In fact, while it may be true that these emigrants would have accomplished little at home, it is equally true that without them the US would also have accomplished little, and the economic disparity would not have increased. It may be true that many emigrants to the US feel gratitude for the opportunity to further their careers, but this is from the point of view of American individualism which ignores the larger social losses.

The inscription on New York's Statue of Liberty, *"Give me your tired, your poor, Your huddled masses yearning to breathe free, The wretched refuse of your teeming shore"*, is just feel-good nonsense for Hallmark Greeting Cards that never had truth in it. There is no 'wretched refuse' reaching American shores today, and there hasn't been for a long time. It is only the rich and gifted who are welcomed. Americans have been brainwashed into believing their country is the richest because they are the best and brightest, but that has never been true. For millennia, China led the world in inventions, discoveries and innovation, and more recently countries like Germany and Japan have consistently surpassed the US in almost every field except weapons of war and fraudulent banking. It is a fact supported by overwhelming documentation that most everything the US claims as its own, was stolen from someone, and the parts not stolen were invented by people who were.

And The Winner of the "Copying Olympics" is:



There is yet another factor that contributed heavily to the wealth of America today, one the US history books seem to neglect. The US government and corporations today produce volumes of propaganda accusing China of copying American products or ideas, of having no respect for American IP, but the Americans are in no position to criticise anyone for copying products or stealing IP, since for 200 years or more they were the world's masters of IP theft and product piracy.

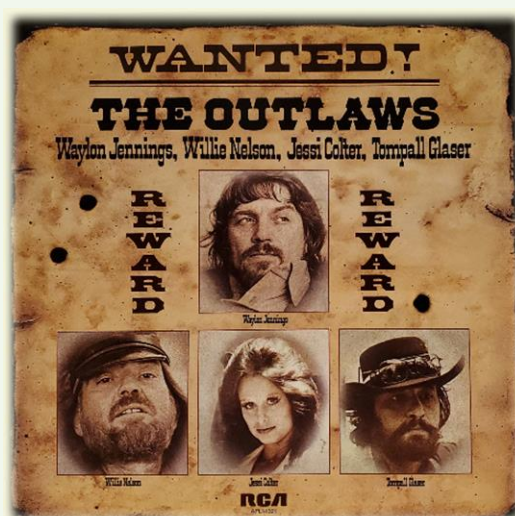
During most of the nation's existence, American companies freely and without compensation copied everything that was made in Europe. Not only did they freely copy, but the US government erected impossibly high tariff barriers against foreign products, so that the originals from Europe would be too highly-priced to sell in America, while manufacturers of the local copies of course flourished. The US government often offered very high rewards - as much as the earnings of several lifetimes to anyone who could steal and copy foreign technology, as happened with the cloth weaving machines that were the backbone of British industry for a century.

When the great American Thomas Jefferson was US Ambassador to France, he conspired to steal and smuggle out of Italy a strain of 'miracle rice' which was banned for exports and sales to foreigners. Jefferson was a brave man because, his diplomatic immunity notwithstanding, the theft was punishable by death had he been caught. This was true with almost everything. Many English authors despaired of ever selling their popular written works in the US, due to import regulations and high duties but, on travelling to America, were more than surprised to discover their books widely on sale in shops everywhere. When Charles Dickens discovered the extent of the piracy of his works in the US, he wrote a book condemning Americans as thieves, a book which was immediately pirated and offered for sale everywhere in the US.

For most of 200 years the US ignored the IP, the patents, the copyrights, of any person or company in any nation. It is only relatively recently that Americans ceased copying, and then only because there was little left anywhere to copy. But now that these American firms are finally able to create their own designs and products, they've suddenly "gotten religion" and have become sanctimoniously possessive, condemning others for precisely the same things they did so freely for so long. Americans have very selective memories, exhibiting great facility in forgetting their own sins, but have no apparent trouble in remembering - and harping on - yours.

One American columnist wrote that if it were Europe or Asia that produced all those Hollywood movies, the US would very quickly find a way to reproduce them at home without paying royalties or recognising any IP rights. There is more than ample evidence that the US even today will freely copy anything it wants, while ignoring other nations' claims to copyright or patent.

A Nation of Outlaws



Stephen Mihm wrote an excellent book titled "*A Nation of Outlaws*" (22) in which he deals at length with 200 years of American patent and copyright violations and widespread IP theft. He perceptively recognises a "fast and loose brand of commerce" as simply a stage in a nation's development, a stage which the US experienced in the same way that Japan did 30 years ago and that China is doing today. It is only the moralistic Christianity pervading American society that drives Americans to condemn China today for something they did so freely not very many years ago, and which they still do today. In truth, the US was by far the most rampant thief of all nations in the world's history.

This is another of the prime reasons the US became a rich nation - because over two centuries it copied, stole, or took by force, much or even most of the world's inventions, recipes, patents and processes, while refusing to permit imports on any reasonable or fair terms, thereby enabling America and its corporations to prosper at the expense of the world. There is little to be proud of, in America's inventiveness or innovation. Few Americans today are aware of this part of their nation's history because most of the perpetrators are now dead and because their history books have all been nicely sanitised - cleansed of all the facts of piracy, forcible theft and dirty tricks that are so much a part of the American legacy.

The US media have constantly accused the Chinese of using copied or unlicensed American software but, while some claims were no doubt valid, the picture of America being a hotbed of morality while the rest of the world consisted of thieves is patently false. Software copying originated in the US, not in China, and I can testify that unlicensed commercial software has always been in widespread use by corporations and governments in North America. Microsoft and many other firms have had this problem even with many branches of the US government and the military, and US corporations of all sizes installing many tens of thousands of copies of unlicensed software without paying the license fees. The US media ignore these stories, preferring to write about China. As one example of many, in November of 2013, a US firm named Apptricity was planning to sue the US government for almost \$250 million for unlicensed copying and installation of the firm's software. Apptricity supplies the US military with logistics software used to track the locations of troops and critical missions shipments ([23](#)). The license fees are \$1.35 million for installation on each server, and another \$5,000 per computer using the software. But it seems the US government had installed this software on almost 100 servers and almost 10,000 individual computers without telling the company and without paying the necessary license fees, and had been doing this for more than ten years. The company's total loss in fees alone was almost \$250 million. According to the company, "As on every other known subject, American pronouncements of moral superiority are all just hypocrisy". What else is there to say?

More than this, Americans have no shame in claiming credit for the inventions of others. There are hundreds of examples, a current one being the military stealth aircraft of which Americans are so apparently proud, and to which they repeatedly refer as evidence of their superior innovation ability. But stealth technology is just one more thing the Americans stole, in this case from Germany. At the end of the Second World War, US troops arrived in Berlin well in advance of the other Allied forces and wasted no time in looting the nation of all commercial and military secrets. By the time the Allies arrived in Berlin, the US military and government had packed up and shipped home more than 1,600 tons of documents on science and physics, nuclear energy, countless commercial patents and processes, and the German military's research on stealth aircraft technology. The US stealth aircraft today are a virtual copy of what the Germans designed and invented 70 years ago, from the shape and configuration of the fuselage, to the coatings, engine placements, everything. The engines of course are modern and different, but all of the science and technology, and most of the know-how was simply stolen from Germany.

Similarly, the F-86 Sabre jet was built using design principles stolen from German aerodynamic research. It was German IP, not American inventiveness that permitted Americans to boast about this famous aircraft holding world speed records for years. Also,

much of current US aircraft technology was taken from the Canadian Avro Arrow, which was the first supersonic aircraft of its kind. Many Americans today claim some of this technology was American, but the truth is that the Canadians at the time had no wind tunnels and had contracted to do their aerodynamic testing in the US, following which the Americans copied - and stole - all of it.

America's entire space program resulted from information stolen from Germany and from the post-war importation of thousands of Germans - many of whom were known war criminals. Werner von Braun and countless people like him who had invented all of Germany's missile technology were brought to the US with all their knowledge of rocketry and missiles, to help put America into space. It is absolutely true that the US could never have managed any of those feats without the technology and know-how stolen from Germany. American inventiveness is mostly a jingoistic myth created by the American propaganda machine.

The US did the same to Germany after the First World War. As part of the conditions of surrender set in the Treaty of Versailles, Germany was forced to surrender all its patents to the US, in every commercial and military field, from fabrics to printing inks, from rockets and missiles to tanks and vehicles. Much of everything that Germany knew, designed, created up to that time, was surrendered to the US military and US commercial corporations. Countless German patents, including things as common as Bayer Aspirin, were seized by the Americans. This is copying and stealing - by military force - on very grand scale never before seen by any country. The US did the same after the collapse of the former Soviet Union, approaching former Soviet satellite nations as comrades in arms with the purpose of looting everything available, especially anything with military value.

An example from another category is the antiviral drug Tamiflu, which controls the spread of influenza, and which was patented by Hoffman LaRoche. The active ingredient in Tamiflu is extracted from star aniseed, which grew only in China and had been used there for several thousand years as a TCM prescription. There were many unhappy people with that pharma patent, since it was seen as effectively entering China, copying a Chinese medicine and claiming the worldwide rights to it. The same was true with ephedrine, a plant drug now widely used for treating colds that was common in China for many centuries and introduced to the West only rather recently, but now patented by Western pharma companies.

Coca-Cola, originally called Kola Coca, was invented more than 140 years ago in a small town in Spain, the creators of the formula for the world's best-selling soft drink having been cheated of its ownership and billions of dollars (24) . The process was a well-kept secret at the time and quickly became a world-famous product, winning dozens of international gold medals and other awards. Unfortunately, Bautista Aparici, one of the company's founders, attended a trade fair in Philadelphia and gave a sample and a brief description of the process to an American he happened to meet, and a short time later US pharmacist John Pemberton changed the name to Coca-Cola and patented the product and process, the US government refusing to recognise the original Spanish patent. The official story is that this drink was "invented by Dr. John Smith Pemberton on May 8, 1886, at Atlanta, Georgia", in the USA, and was named Coca-Cola because at that time it contained

extracts of Coca leaves and Kola nuts, and that the company's book-keeper renamed the drink because he thought the two 'C's' would look better in advertising. None of that is true. The drink was indeed made from kola nuts and coca leaves, but the new name was a cheap attempt to differentiate itself after Pemberton stole and patented the original formula. All the stories about Pemberton inventing Coke's secret formula in his laboratory are fabricated nonsense, with the company's website cleverly designed to airbrush out the drink's early history and avoid the truth becoming known. Beverage World magazine produced a special issue to commemorate the one-hundredth (American) anniversary of Coca-Cola, claiming Coke was "a totally American product born of a solid idea, nurtured throughout the past century with creative thinking and bold decision-making, and always plenty of good old-fashioned hard work. That is as it should be; it is the American way". Not by a long shot. Coca-Cola is just one of hundreds of products the Americans have stolen and patented with the full protection of their courts operating under the peculiarly American definition of 'rule of law'.

Nike is another famous American brand with an airbrushed past, based on a similar manner of IP theft as was Coca-Cola, and benefiting equally from the American government and judicial system. The published hype about Nike tells us the story of Bill Bowerman and Phil Knight beginning their rags-to-riches story by selling sport shoes out of the trunk of a car, but eventually accumulating billions in revenue because they were Americans - innovative, creative, resourceful and entrepreneurial. But actually, they were just thieves who stole a wildly popular product from a Japanese firm and marketed it under their own name. Here is the story: Phil Knight was a runner at the University of Oregon, with Bill Bowerman as his coach, both on the lookout for better quality running shoes. Knight was on a tour of Japan, searching for a way to avoid having to work for a living, when he discovered the *Onitsuka Tiger running shoe*, a product far superior to anything available in the US at the time. Knight, with no apparent credentials other than a creditable boldness and some knowledge of running, presented himself to Onitsuka as the representative of a major American company looking to import sport shoes and convinced the firm's executives he was legitimate. Knight and Bowerman borrowed some money and placed an \$8,000 order which quickly sold out, the process repeating. The two men began selling the designs as their own and eventually used their profits and credit to copy and manufacture Onitsuka's designs for themselves in the US.

An Onitsuka executive, on a surprise visit to the US and to Nike's premises, was himself surprised to discover his firm's designs in the warehouse with an American brand on them. Naturally a major court case ensued, with the US courts, always committed to fair play and religiously following a rule of law, ruled that Knight and Bowerman did no wrong and that the two companies could "share" the patents, the IP and the brand (25). Had the US courts performed their function in a responsible and ethical manner, it is a certainty Nike would have disappeared in an instant since it was only the popularity of Onitsuka's styles that kept the enterprise alive. Lacking this, Knight and Bowerman had little else to sell and a proper court judgment would have left them in poverty. This story is typical since there are almost no examples of American courts rendering fair judgments against Americans in favor of foreigners, and the few cases I could list on one side of this fence would be countered by hundreds of examples on the other side. The sanitised narrative of Nike usually fails to mention Onitsuka or, if it does, merely states that the relationship "began to sour" or that it "eventually dissolved", without ever providing specifics. There are many small details in this story, but the essence is that Nike simply copied and stole Onitsuka's fabulous designs and manufacturing and the US government and courts protected them.

American companies didn't always steal from Europe or Asia; sometimes they stole from each other. Microsoft today might well be only a bit player if Bill Gates hadn't directly stolen the 'windows' and the mouse concept from Apple, and hadn't had sufficient financial backing to pay for litigation until Apple was finally ground down and lost. Kodak and Polaroid might be American firms, but their IP was virtually all German. Without those IP thefts they might well have disappeared generations ago. I believe Intel also benefitted enormously from German semi-conductor research. American aircraft manufacturers like Boeing likewise owe much of their existence to stolen German IP. Interestingly, US automakers were so busy selling fashion accessories it never even occurred to them to steal foreign IP until it was too late.

Similarly, IBM is widely credited with having invented the first US computer, but that isn't true either. IBM took the inventions of Dr. Hermann Hollerith, who was a US government employee, and whose inventions which were in the public domain, and cloaked them in countless patents "in order to destroy competition by limiting supply and controlling price". As a kind of medal for its predatory behavior, the US Department of Justice issued a report that called IBM an "international monster". That's not exactly a credential. And in any case, as detailed elsewhere, functioning digital computers were built in Germany long before IBM discovered them. There are dozens of stories like this, of US firms worshipped by Americans and used as evidence of American entrepreneurship and innovation and as proof of the US being the world's cradle of opportunity, and almost all of them are stories built on lies where, in virtually every case, the American firm simply stole another company's products, patents, processes and IP and was protected from sanction by the nation's courts. When the Americans today accuse companies from other nations of stealing their IP, that is hypocrisy refined to an extreme degree.

In spite of all the hypocritical noise made today about China, the US is still one of the worst violators of IP in the world, making its own rules to benefit American corporations and stubbornly ignoring the IP legislation and practices of other nations. The Americans more or less invented brand advertising and jealously guard their brands, but there are entire categories of famous names, products and proprietary processes originating in other countries that the Americans refuse to recognise even though they are fully protected in the other 96% of the world. These are not oversights; the US government deliberately establishes its own rules as to which kinds of IP it will respect and which it will ignore, with the rules always designed to benefit only American firms. Any IP that doesn't fit US political and commercial ideology will simply be ignored. These names and processes have been protected by laws and treaties in all developed nations and most undeveloped ones for more than 100 years - except by the Americans who adamantly refuse to sign despite repeated requests dating back more than a century. These products include French champagne and cognac, Burgundy, Rhone and Chablis wine, Italy's Chianti, Portugal's Port and Madeira, Spain's sherry and Hungary's Tokay. They include Japan's Kobe beef and Italy's Parmesan cheese, and of course virgin olive oil. There are more than 600 of these specialised registered copyrights for which the US permits its corporations to violate all international copyright laws and profit illegally from the use of famous names. Champagne, by both French and international law, is a name that can be applied only to a wine produced by a particular method in the Champagne region of France. But not according to the US, whose winemakers gleefully sell US 'champagne', in clear violation of their own claimed standards and of international laws. On the other hand, anybody printing "Florida Orange

Juice" on a product that isn't from Florida, will meet the full force of US law. European patents on wine or cheese are not valid in the US. Americans are nothing if not hypocritical.

One of the world's most famous cheeses is Parmigiano (Parmesan), from the Parma region of Italy. The cheese, the cows, the ingredients, the methods and processes, even the animals' feed, are patented, trademarked, registered and protected by both Italian and international law - except in the US. American firms produce a pathetically substandard version of this cheese and market it as 'original' when it is no such thing, their violations protected by their own government. And in fact, most cheeses sold in the US are mostly adulterated rubbish, and many contain no cheese at all. Bloomberg did a recent study of grated cheeses, and many brands, including Kraft, tested for high cellulose content - cheese made of wood. Kraft's response: Michael Mullen, a Kraft spokesman, said, "We remain committed to the quality of our products". Well, that's nice, Michael, but would you like to explain the wood in your cheese, or is cellulose part of your quality commitment? One company whose cheese tested high for cellulose content said, "We strongly believe that there is no cellulose present in our cheese." What does that mean, 'we strongly believe'? You made the cheese. How can you not know what's in it? This isn't like religion where faith will save you.

Another company with high wood pulp content said, "We think the test could have been a false positive." There was a company named Castle Cheese in Pennsylvania that marketed fake cheeses for 30 years before the FDA caught up with them and discovered their "Italian Parmesan" was actually American imitation cheese containing cellulose from American trees and leftover rubbish rinds and trimmings from other cheap, fake American cheeses. But the American Cheese Association tells us, "The wholesomeness of our dairy products is a treasured part of our story." Right. One media report wrote, unbelievably, "[American] Parmesan suppliers have been mislabeling products by filling them with "too much cellulose", made from wood pulp, instead of using cheaper cheddar." "Too much" cellulose? I would have thought anything above zero was too much, but then this is America, and things are different here. So, genuine Italian Parmesan cheese, made in Wisconsin with wood pulp from Idaho trees. No IP problems here. And no food adulteration like we have in China.

Olive oil is one of the culinary delights of the world, something that has been produced for centuries in Southern Europe and the Middle East, with processes that have long been proven to produce the best product. The most valuable oil, which we call "Virgin Olive Oil" or "Extra-Virgin Olive Oil" is produced by a gentle cold physical pressing of the olives done in a particular manner. The oil that flows from this 'first press' is rather thicker, is a dark green color, and is the most fragrant and tasty, and the most healthful. Subsequent pressings produce a thinner and increasingly lighter-colored oil. More pressings, usually done with the assistance of steam to squeeze out every drop of this oil, are still thinner, the color decreasing from a medium to a light yellow and eventually to almost clear. Each subsequent pressing produces oil that is rather less valuable than the one previous, so being able to claim that an oil is 'Virgin Olive Oil' carries a substantial financial premium.

But the US has its own rules here too. The "old European ways are not efficient" so the Americans have devised their own methods of extracting this oil, none of which meet

international standards. More than that, American species of olives, being grown in a climate not especially suited to this fruit, produce only a yellow oil, with nothing like the attractive color, fragrance or health benefits of the best European oils. The Americans therefore create the propaganda that "color is irrelevant" in olive oil, and that their processes are superior to all others, and freely market a substandard oil that is neither 'virgin' nor 'olive', often blended with inferior and leftover vegetable or seed oils. The result is that if we purchase "Virgin Olive Oil" in Europe or the Middle East, what we get is virgin olive oil. In the US we know only that we are buying an adulterated and substandard fake.

Recognising that many people refuse to buy into the 'irrelevant color' propaganda, American producers bottle their olive oil in dark green glass bottles, which of course makes it impossible to see exactly what one is buying. The American story is that the dark glass - always green, just like the color of 'Virgin' oil - is to protect the oil from the ravages of exposure to sunlight. It must surely occur to thinking people somewhere that cooking and salad oils are normally stored in a dark kitchen cupboard and seldom left sitting out in the parking lot fully exposed to the blinding sunshine, and therefore not actually requiring protection from sunlight. But then this is America, and maybe things are different here.

This is an important subject, so here is an opinion not my own. I copied this portion of an article from a website some years ago, and cannot now find the source. Perhaps I can rectify that and properly credit the author in another printing. The title of the article was "Things you should know - Olive Oil". Here is a synopsis of the content:

Olive oil is one of the healthiest cooking oils because it is packed with nutrients and antioxidants. Numerous studies provide evidence of the olive's ability to prevent disease and promote well-being. You can use olive oil for stir-frying Chinese foods, just as any other vegetable oil. For frying, it's best to use the cheaper grades (lighter color) and not waste expensive oil just for frying.

When fresh olives are picked from the trees, they are placed in containers and subjected to brief but firm pressure, without heat, and that first flow of oil is called "Virgin Olive Oil". It is generally green in color, the darker the better. "Extra-Virgin" oil is lower in acid content and has the finest flavor and aroma of all the virgin oils. As the olives are subjected to increased pressings and to heat, hot water and steam, and even chemical solvents, to remove every trace of oil from the olives, the color becomes lighter, from green to yellow to white, and the taste and flavor disappear altogether. The European methods of pressing olive oil are superior to the centrifuge processes used in the US which are geared to inexpensive large-volume production, but American publications defend the US methods and disparage any others. American olive oil is almost always either illegally blended with cheaper oils such as soybean or hazelnut or else is grossly substandard, made from overripe or rotting olives. And the poorer white or light-yellow grades are often colored with juice from crushed parsley or some other green vegetable, to make the color a darker green and pass off the oil as a more expensive grade. And with the growing demand for extra virgin olive oil, producers and marketers now label poorer quality olive oils as extra virgin. In one recent US study, 70% of all so-called "virgin" or "extra-virgin" olive oils were fake. In any case, the US is not a member of the International Olive

Oil Council and so has no restrictions on labels or quality claims. For US production, automotive grease can legally be bottled and labeled "Extra Virgin".

It is difficult to obtain accurate information on olive oils outside of the European countries where olives are grown. Most of the information published on the internet is produced in the US and favors US-based production with olives grown in California. But California olives are not the same type as the European, nor are they grown in the same climatic conditions. European oils tend to be fruitier in taste and aroma, just as French wines tend to be superior in these respects. However, the Americans downplay the differences and promote the characteristics of US oils. For example, the taste and flavor of the oil tends to improve with the darker color. US olives produce only yellowish-colored oil so all the American publications state that color is no indication of quality or taste. The vast majority of the olive-oil brands in American supermarkets are not from olive-growers but from entrepreneurs who obtain the oil from middlemen, who don't necessarily get it directly from the grower, either. A serious additional problem is that the olive oil testing institutions in the US, like the Olive Center at the University of California, are all secretly funded by California olive-oil companies and are partial to promoting local oils. I would add my own comment here that I seldom see good olive oil in China. Most of the product sold in the supermarkets here is badly overpriced cheap grade product, essentially colorless and tasteless left-over oil purchased cheaply from Europe. This is just one more example of foreign companies taking advantage of Chinese consumers who haven't the experience to judge products correctly.

And if you ever needed evidence that Americans have no shame, we have this gem from early in 2014. A Washington Post article detailed how American shoppers are more likely to choose a European brand of olive oil because they are seen as more authentic - which of course they are, being pure olive oil for one thing. But American producers, unable to compete on a 'level playing field', and finding that in spite of their natural competitiveness and moral superiority they have managed to obtain only a 3% market share for their substandard product primarily due to low quality and widespread adulteration, are aggressively demanding that the US government enact import restrictions on foreign oil on the grounds that these are not really virgin oil. They are insisting the government legislate what they call "mandatory quality controls" which would naturally be defined to permit US oils to pass and European oils to fail. And of course, many US politicians who know where and how to find money to finance their election campaigns and lifestyles, are eager to assist. One such politician, Doug LaMalfa, who is himself a farmer from Northern California, stated that imported olive oil should be labeled as "extra rancid" instead of "extra virgin". Democracy and capitalism at their finest, but California's ambitions to compete with European olive oil have yet to be fulfilled.

A similar situation existed for a very long time with pistachios. For countless generations Iran was the largest producer of pistachios, and still is, in spite of American marketing rhetoric that tells us otherwise. The US promotes itself as the largest pistachio producer in the world, but it is no such thing. Or at least it wasn't prior to 2011, the latest date for which I have statistics. In fact, in most prior years, Iran's production was equal to, or greater than, all other nations combined. Iran had almost 75% of the total pistachio orchard area of the world in 2004, with exports double those of the US. These nuts are native to the Middle East and Asia where they have been cultivated for thousands of years,

the US for a century importing all its product primarily from Iran. California first planted these nut trees in the middle 1800s with even less success than with their olive oil.

This situation continued until about 1980 when, in a spirit of helpfulness, the US Commerce Department placed a total embargo on Iranian pistachios, forcing Americans to purchase their own substandard domestic nuts in the name of free trade. The embargo was briefly lifted, then enforced again for another 15 years, eliminated for a short time then enforced permanently when Iran became part of the "Axis of evil". Placing a total ban on Iranian nuts was just the boost needed for the California pistachio industry, especially considering that the US bullied and browbeat the Europeans into following suit, the Americans then boasting it was their "high food safety standards" keeping Iranian pistachios out of the American market, the claim being an outright lie. The main factor eliminating Iranian pistachios was a 320% duty, without which they could be sold in the US at far less than the Americans' cost of production.

Few of us may remember that pistachios used to be dyed a pretty red, with a powdered food coloring that happily transferred itself to hands and clothing, but we still sometimes see them at Christmas, festively dyed in red, green and white. The American marketing machine tells us that Iran dyed its pistachios because the hulls contained unappetising splotchy stains from primitive and backward Iranian harvesting methods, covering their sins by dying them. There has never been any evidence presented for this accusation, but then California produces large volumes of pecan nuts which have naturally splotchy hulls and which the Americans have bleached and dyed for generations, and still do today, to disguise their unattractive appearance.

So, when patriotic, hard-working, god-fearing Americans dye pecans, they are simply employing modern agricultural best practices while making the world safe for democracy, but when Iran dyes pistachios this is precisely the kind of deceitful conduct we would expect from those primitive non-Christian ragheads.

Americans are such a pain in the ass



The American pistachio marketing machine is in China in full force, promoting their third-grade product with heavy doses of chauvinism, jingoism, false claims and deceptive marketing. The local media tripped over themselves to inform viewers that Miss Air-Head California herself travelled to Hangzhou to promote the American crop. We were told the US is the largest producer of pistachios in the world (untrue) and that the American nuts are never chemically treated or bleached, also untrue. There is probably no food produced in the US that isn't subjected to various toxic chemicals and pesticides, with pistachios just as suspect as KFC's chemical chicken. The Americans and importers boasted that "American pistachios are bigger in size and even the smallest ones are bigger than those from Southeast Asia", as if size were relevant. To any thinking person, the only significant consideration is taste, an area in which American pistachios cannot compare to those from Iran or Greece, any more than American olive oil can compete with the Italian product. Then we're told, almost breathlessly, that these American pistachios are "authentic and taste exactly the same as those in the US", leading us to conclude that pistachios from all other countries are somehow fake. As to the reference about 'tasting the same' as those in the US', I didn't know whether to laugh or cry. American pistachios are virtually tasteless and suitable only for animal feed, as anyone who has tasted the Iranian product can testify. There are almost no agricultural products from the US that have any taste worthy of mention, and I find it distressing that so many Chinese will so foolishly and naively buy into totally false American claims of product or other superiority.

Stephen Mihm, an assistant professor of American history at the University of Georgia, has written a fascinating book titled **"A Nation of Outlaws" (22)**, detailing many of the scams, counterfeits and frauds the US experienced while industrialising. The passage below is taken from his book and is reprinted here with the kind permission of Stephen and of Steve Heuser, an editor of the Boston Globe where this article appeared on August 26, 2007. It helps to provide solid documentation for my thesis that development is a process, with most nations passing through similar conditions at the same stages in the process. I'm sure you will enjoy reading it.

A Nation of Outlaws

SCOURGE of the FREE WORLD! PEDDLERS of POISONOUS FOODS!

FLAGRANT PIRATES of LITERARY WORKS! COUNTERFEITERS of MEDICINE!

A century ago, that wasn't China - it was the US.

If recent headlines are any indication, China's rap sheet of capitalist crimes is growing as fast as its economy. Having exported poison pet food and toothpaste laced with antifreeze earlier this year, the world's emerging economic powerhouse has diversified into other, equally dubious product lines: scallops coated with putrefying bacteria, counterfeit diabetes tests, pirated Harry Potter books, and baby bibs coated with lead, to name but a few. Politicians are belatedly putting China on notice. Representative Frank Wolf of Virginia delivered one of the more stinging counterattacks last month, warning that the United States "must be vigilant about protecting the values we hold dear" in the face of China's depredations.

His anger reflects the mounting disgust with how recklessly China plies its trade, apparently without regard for the things that make commerce not only dependable but possible: respect for intellectual property, food and drug purity, and basic product safety. With each tawdry revelation, China's brand of capitalism looks increasingly menacing and foreign to our own sensibilities.

That's a tempting way to see things, but wrong. What's happening halfway around the world may be disturbing, even disgraceful, but it's hardly foreign. A century and a half ago, another fast-growing nation had a reputation for sacrificing standards to its pursuit of profit, and it was the United States. As with China and Harry Potter, America was a hotbed of literary piracy; like China's poisonous pet-food makers, American factories turned out adulterated foods and willfully mislabeled products. Indeed, to see China today is to glimpse, in a distant mirror, the 19th-century American economy in all its corner-cutting, fraudulent glory.

China may be a very different country, but in many ways it is a younger version of us. The sooner we understand this, the sooner we can realize that China's fast and loose brand of commerce is not an expression of national character, much less a conspiracy to poison us and our pets, but a phase in the country's development. Call it adolescent capitalism, if you will: bursting with energy, exuberant, dynamic. Like any teenager, China's behavior is also maddening, irresponsible, and dangerous. But it is a phase, and understanding it that way gives us some much-needed perspective, as well as some tools for handling the problem. Indeed, if we want to understand how to deal with China, we could do worse than look to our own history as a guide.

A bit of empathy might even be in order. One hundred and fifty years ago, even America's closest trade partners were despairing about our cheating ways. Charles Dickens, who visited in 1842, was, like many Britons, stunned by the economic ambition of our nation's inhabitants, and appalled by what they would do for the sake of profit. When he first stepped off the boat in Boston, he found the city's bookstores rife with pirated copies of his novels, along with those of his countrymen. Dickens would later deliver lectures decrying the practice, and wrote home in outrage: "my blood so boiled as I thought of the monstrous injustice". In the United States of the early 19th century, capitalism as we know it today was still very much in its infancy.

Most people still lived on small farms, and despite the persistent myth that America was the land of laissez-faire, there were plenty of laws on the books aimed at keeping tight reins on the market economy. But as commerce became more complex, and stretched over greater distances, this patchwork system of local and state-level regulations was gradually overwhelmed by a new generation of wheeler-dealer entrepreneurs. Taking a page from the British, who had pioneered many ingenious methods of adulteration a generation or two earlier, American manufacturers, distributors, and vendors of food began tampering with their products en masse - bulking out supplies with cheap filler, using dangerous additives to mask spoilage or to give foodstuffs a more appealing color.

A committee of would-be reformers who met in Boston in 1859 launched one of the first studies of American food purity, and their findings make for less-than-appetizing reading: candy was found to contain arsenic and dyed with copper chloride; conniving brewers mixed extracts of "nux vomica," a tree that yields strychnine, to simulate the bitter taste of hops. Pickles contained copper sulphate, and custard powders yielded traces of lead. Sugar was blended with plaster of Paris, as was flour. Milk had been watered down, then bulked up with chalk and sheep's brains. Hundred-pound bags of coffee labeled "Fine Old Java" turned out to consist of three-fifths dried peas, one-fifth chicory, and only one-fifth coffee.

Though there was the occasional clumsy attempt at domestic reform by midcentury - most famously in response to the practice of selling "swill milk" taken from diseased cows force-fed a diet of toxic refuse produced by liquor distilleries - little changed. And just as the worst sufferers of adulterated food in China today are the Chinese, so it was the Americans who suffered in the early 19th-century United States. But when America started exporting food more broadly after the Civil War, the practice started to catch up to us.

One of the first international scandals involved "oleo-margarine," a butter substitute originally made from an alchemical process involving beef fat, cattle stomach, and for good measure, finely diced cow, hog, and ewe udders. This "greasy counterfeit," as one critic called it, was shipped to Europe as genuine butter, leading to a precipitous decline in butter exports by the mid-1880s. (Wily entrepreneurs, recognizing an opportunity, bought up genuine butter in Boston, affixed counterfeit labels of British butter manufacturers, and shipped them to England.) The same decade saw a similar, though less unsettling problem as British authorities discovered that lard imported from the United States was often adulterated with cottonseed oil.

Even worse was the meatpacking industry, whose practices prompted a trade war with several European nations. The 20th-century malfeasance of the industry is well known today: "deviled ham" made of beef fat, tripe, and veal byproducts; sausages made from tubercular pork; and, if Upton Sinclair is to be believed, lard containing traces of the occasional human victim of workplace accidents. But the international arena was the scene of some of the first scandals, most notably in 1879, when Germany accused the United States of exporting pork contaminated with trichinae worms and cholera. That led several countries to boycott American pork. Similar scares over beef infected with a lung disease intensified these trade battles.

Food, of course, was only the beginning. In the literary realm, for most of the 19th century the United States remained an outlaw in the world of international copyright. The nation's publishers merrily pirated books without permission, and without paying the authors or original publishers a dime. When Dickens published a scathing account of his visit, "American Notes for General Circulation," it was, appropriately enough, immediately pirated in the United States.

In one industry after another, 19th-century American producers churned out counterfeit products in remarkable quantities, slapping fake labels on locally made knockoffs of foreign ales, wines, gloves, and thread. As one expose at the time put it: "We have 'Paris hats'

made in New York, 'London Gin' and 'London Porter' that never was in a ship's hold, 'Superfine French paper' made in Massachusetts." Counterfeiters of patent medicines were especially notorious. This was a bit ironic, given that most of these remedies were pretty spurious already, but that didn't stop the practice. The most elaborate schemes involved importing empty bottles, filling them with bogus concoctions, and then affixing fake labels from well-respected European firms.

Americans also displayed a particular talent for counterfeiting currency. This was a time when individual banks, not the federal government, supplied the nation's paper money in a bewildering variety of so-called "bank notes". Counterfeiters flourished to the point that in 1862 one British writer, after counting close to 6,000 different species of counterfeit or fraudulent bills in circulation, could reasonably assure his readers that "in America, counterfeiting has long been practiced on a scale which to many will appear incredible". What was it that made the 19th-century United States such a hotbed of bogus goods? And why is China's economic boom today, as New York Times writer Howard French clucked earlier this month, "minted in counterfeit"?

Piracy, fraud, and counterfeiting, whether of currency, commodities, or brand-name electronics, flourishes at a particular moment in a capitalist society: the regulatory interregnum that emerges in the wake of fast-paced capitalist change. This period is one in which technology has improved, often dramatically, and markets have burst their older boundaries. Yet the country still relies on obsolete ways of controlling commerce. Until there's something to replace them, counterfeiters and other flim-flam operators flourish, pushing new means of making money to their logical, if unethical, conclusion. Indeed, the ease with which counterfeiters and corner-cutters operate in China today can be attributed to many of the same failings that plagued the United States 150 years ago: a weak, outdated regulatory regime ill-suited to handling the complexities of modern commerce; limited incentives for the state to police and eliminate fraud; and, perhaps most important of all, a blurring of the lines between legitimate and fraudulent means of making money.

All of these are typical of capitalism in its early, exuberant phase of development. The United States may have been the worst offender, but early industrial Britain had significant problems with food adulteration and counterfeiting, and Russia from the 1990s onward has been the scene of some of the worst capitalist excesses in recent memory. And in all likelihood China's recklessness is just that: a phase that will eventually pass when the nation's regulatory institutions catch up with its economic ambition. But understanding the parallels does suggest a way to move forward. The rogue industries of the United States eventually responded to stiff international economic pressure. Beginning in the 1880s, the European meat boycotts spurred Congress to pass a raft of federal legislation aimed at imposing some inspection controls on the exports of meat. In response, European countries opened their doors to American meat again. And in 1891, Congress finally bowed to decades of angry lobbying and passed an international copyright law that protected foreign authors.

At a certain point, some of the push for change can come from within. As a capitalist system evolves, there can come a time when some players in the economy prefer to be held to more stringent standards, even ones that impose additional costs. Partly, this

happens when a country begins producing and exporting original goods that might appeal to counterfeiters elsewhere. The United States, for instance, strengthened its copyright laws to protect the growing number of American authors whose books sold overseas. If the Chinese movie business gains a significant international audience, it's safe to say that Hollywood will get a better reception next time it complains about knockoff DVDs of the latest Bruce Willis flick.

In the scandal-racked American food business, several industry leaders converted to the cause of regulation in no small part because there was money to be made: Certain competitors would be put at a disadvantage, and the new federal laws would banish the inefficiencies of the older patchwork of state-level regulation. But at a more fundamental level, producers began to realize that they could reap big profits from simple trust. By 1905, business leaders were testifying in Congress that the federal government could "do much toward preserving the reputation of US foods abroad" - in other words, they could make more money if potential trading partners believed the United States was finally cleaning up its act. And that's exactly what happened with the passage of the landmark Food and Drug Act the following year. With each regulatory advance, the United States began gaining the trust of its own consumers, along with the rest of the world. In the process it went from being an upstart to the most powerful economy on the globe. China is far more than an upstart already, but as recent events suggest, it has a long way to go before it emerges, as the United States once did, from its own reckless youth. Indeed, if the Chinese are truly following Deng Xiaoping's apocryphal maxim, "to get rich is glorious", then their own entrepreneurs and industries may eventually recognize that to get rich while bowing to international standards may be equally glorious - and even more profitable.

A Tragic Lesson

Some of the worst of regulatory lapses in China involve diethylene glycol, a deadly poison that has shown up in everything from toothpaste to cough syrup. More than 100 people, mostly children, died in Panama after ingesting cough syrup laced with the poison, which product counterfeiters in China had used as a cheap substitute for the sweetener glycerin.

The case has attracted outrage, and deservedly so. But what hasn't gotten a lot of mention is that America had almost the exact same experience some 70 years ago. In 1937, drug companies operated with considerable latitude when mixing and selling new medications. In the spring of that year, the chief chemist of Tennessee-based S.E. Massengill Company hit on a way to deliver sulfa drugs used to treat strep throat and other infections in a liquid form by dissolving them in diethylene glycol. No one tested the drug for safety, and in the fall of that year shipments of "Elixir Sulfanilamide" went out across the country.

Within a month, it's estimated that more than 100 people, mostly children, had died horrific deaths as their kidneys shut down and they went into convulsions. The owner of the company, when pressed to admit some measure of culpability, famously answered, "We have been supplying legitimate professional demand and not once could have

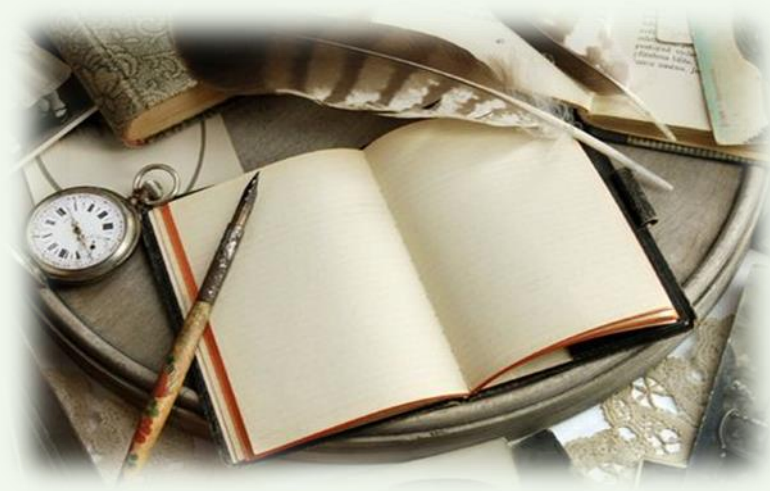
foreseen the unlooked-for results. I do not feel that there was any responsibility on our part."

That was just plain wrong: the toxicity of diethylene glycol was already established. And even if it hadn't been, simple animal testing would have revealed that the syrup was poisonous. But this was a different era, where the failure to conduct the necessary tests - like the failure of Chinese manufacturers to test their raw materials - had tragic results. Then, as now, not everyone responsible shrugged their shoulders and moved on. Massengill's chief chemist, Harold Watkins, committed suicide while awaiting trial; earlier this month, Zhang Shuhong, owner of a Chinese toy factory accused of using banned lead paint, did the same. And the episode led to the passage of the Federal Drug, and Cosmetic Act the next year, ushering in a new era of drug safety.

There are literally hundreds of such stories to tell about American product quality and product safety. They are all different, but they are all the same. As only one example, in the recent past, we have seen much attention paid in the West to problems with children's toys made in China, mostly about paint containing lead which is recognised as dangerous to children. The world has always known that lead was a poisonous metal which could be fatal if ingested. What isn't widely known or discussed, is that Western manufacturers used lead in paint for many products, including toys, and did so for most of the last century, knowing that some children died from it. They used it because lead is a cheap and efficient way to produce a very high-gloss and shiny finish on a paint, and they did so in spite of the knowledge of its dangers. These same people who now complain about China, spent huge sums of money on political influence, PR and damage control, to prevent legislation that would prohibit this use. US laws prohibiting lead in paint for children's products did not happen from American virtue, moral superiority or the willing employment of "best practices; they changed only after the factories moved to China.



Reference links - How the US Became Rich - Part 4



During the First World War, the US government seized all property in the US in which there were German interests

(1) <https://www.smithsonianmag.com/history/us-confiscated-half-billion-dollars-private-property-during-wwi-180952144/>

(2) <https://scholarship.law.duke.edu/cgi/viewcontent.cgi?article=2236&context=lcp>

(3) <https://www.history.com/this-day-in-history/bayer-patents-aspirin>

(4) <https://www.munichre.com/en/company/about-munich-re/group-history/a-seismic-shift-the-first-world-war-and-the-great-depression-1914-1933.html>

WWI, US seized German assets all over the world

(5) <https://www.manilatimes.net/2020/12/11/opinion/columnists/world-war-1-and-southeast-asia/807981/>

Mitchell Palmer America's 'Alien Property Custodian'

(6) https://infogalactic.com/info/Office_of_Alien_Property_Custodian

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(9) <https://www.smithsonianmag.com/history/us-confiscated-half-billion-dollars-private-property-during-wwi-180952144/>

World war 1; the US government seized Bayer chemical company

(10) <https://www.history.com/this-day-in-history/bayer-patents-aspirin>

(11) <https://www.bayer.com/en/history/1914-1925>

(12) <https://www.company-histories.com/Bayer-AG-Company-History1.html>

(13) <https://www.company-histories.com/GAF-Corporation-Company-History.html#:~:text=This%20company%20made%20the%20first%20Bayer%20aspirin%20sold,Bayer%27s%20chemical%20business%20to%20the%20Grasselli%20Chemical%20Company>

Paperclip

[14a] The US military entered every country with a German corporate presence and claimed ownership of all German assets.

[14b] The U.S. Confiscated Half a Billion Dollars in Private Property During WWI

<https://www.smithsonianmag.com/history/us-confiscated-half-billion-dollars-private-property-during-wwi-180952144/>

[14c] A seismic shift: The First World War and the Great Depression (1914–1933)

<https://www.munichre.com/en/company/about-munich-re/group-history/a-seismic-shift-the-first-world-war-and-the-great-depression-1914-1933.html#:~:text=1917%20%E2%80%93%20The%20United%20States%20enters%20the%20war,enemy%20property%20administration.%201917%20%E2%80%93%20Founding%20of%20Hermes>

[14d] Escape by isle resident among WWI ... - HAWAII WORLD WAR ONE

<http://hawaiiworldwar1.org/1890-2/>

[14e] World War 1 and Southeast Asia | The Manila Times

<https://www.manilatimes.net/2020/12/11/opinion/columnists/world-war-1-and-southeast-asia/807981/>

[14f] International Legal And Political Factors In The United States Disposition Of Alien Enemy Assets Seized During World War I

<https://yazhida.net/get/access.php?id=QWVNAAAAMAAJ&item=International%20Legal%20And%20Political%20Factors%20In%20The%20United%20States%20Disposition%20Of%20Alien%20Enemy%20Assets%20Seized%20During%20World%20War%20I>

[15a] This was part of the Deep State's Morgenthau Plan, meant to complete the total destruction of Germany by permanently deindustrialising the country, to turn Germany into Europe's dairy farm and potato patch. The intent was to forever deprive the country of not only its best scientific minds, but also of this entire second and third tier of scientific intellectuals, technicians and skilled workers, to prevent a German attempt to rebuild itself after the war.

[15b] The Morgenthau Plan - David Irving

<http://fpp.co.uk/bookchapters/Morgenthau.html>

[15c] **Morgenthau Plan - Oxford Reference**

<http://fpp.co.uk/bookchapters/Morgenthau.html>

[15d] **MORGENTHAU PLAN - WORLD FUTURE FUND**

<http://www.worldfuturefund.org/Documents/Morg.htm>

[15e] **(PDF) The Morgenthau Plan (1945-1947) | Dr. Bàrbara Molas**

https://www.academia.edu/13076996/The_Morgenthau_Plan_1945_1947

[15f] **GERMAN HOLOCAUST GERMAN GENOCIDE: 9-15 Million**

<https://truedemocracyparty.net/2014/01/german-holocaust-german-genocide-9-to-15-million-germans-killed-1945-1953-the-morgenthau-plan-eisenhowers-death-camps-a-forgotten-genocide/>

[16] **“OTHER LOSSES” by James Bacque;**

http://abundanthope.net/artman2/uploads/1/Other_Losses_4.pdf

[16a] Bacque was a popular Canadian author, his short stories, novels and articles appearing regularly in all the prominent media but, after publishing “Other Losses”, he was blacklisted and destroyed in Canada. No newspaper or magazine would return his calls, and all publishers refused contact with him. He was excoriated in the US media as a fraud, even though his research was impeccably detailed and his book carried an introduction and testimony from prominent and high-ranking American military officers. Almost no one in North America is aware of his extraordinary historical discovery since his books have been virtually banned on the continent. By contrast, his many books on this subject have been a major hit in Europe, having been translated into I believe now 15 languages, documentary movies have been made of his discovery and he is widely recognised in Europe as a prominent and respected historian.

[16b] cf. James Bacque, introduction to "Other Losses" and also the text of "Crimes and Mercies", for a description of his travails after publication.

[17] It now seems that the popular photos we have all seen, of piles of emaciated dead bodies, were not of Jews killed by Germans (as we have been told) but of Germans killed by the Americans. An undetermined number of those incarcerated and killed were women, and more than a few were children.

[18a] The only shortage of food in Germany was caused by the Americans who forbade all external food shipments to Germany after the war, and it was widely announced that anyone attempting to smuggle food into the camps would be shot on sight. cf. James Bacque's two books; multiple documented references.

[18b] **Eisenhower’s Death Camps | National Vanguard**

<https://nationalvanguard.org/2017/06/eisenhowers-death-camps/>

[18c] **Part 2: mass murders committed by Eisenhower 1942-1950:**

<http://geschichteinchronologie.com/USA/Eisenhower-massenmoerder/ENGL/02-mass-murders-field-towns-Rhine-meadow-camps-starvation-faked-photos.html>

[18d] **GERMAN HOLOCAUST GERMAN GENOCIDE:**

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(19) The Paperclip Conspiracy: The Hunt for the Nazi Scientists

<https://www.amazon.com/Paperclip-Conspiracy-Hunt-Nazi-Scientists/dp/0316103993>

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(21) The Great Patents Heist

https://www.456fis.org/GREAT_PATENTS_HEIST.htm

The link does not work but you can read about the same here:

(21a) The Great Patents Heist. John Nugent. (wintersonnenwende.com)

(21 b) Dunkirk (newensign.com)

(21c) The Great Patents Heist | VikingLifeBlog (wordpress.com)

(21d) The Great 'jewish' Patents Heist of the Third Reich (renegadetribune.com)

(21e) The Great Patents Heist | I R O N L I G H T (wordpress.com)

(21 f) The Great American Science Heist – Kapi News

Stephen Mihm "A Nation of Outlaws"

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(24) <https://www.moonofshanghai.com/2020/07/a-few-historical-frauds-july-11-2020.html>

NIKE

(25) <https://www.sneakerfreaker.com/features/which-came-first-nikes-cortez-or-onitsuka-tigers-corsair>

Chapter 5 – Asset Theft and Financial Crimes



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The Spoils of War



The Triple Portrait of Charles I by Van Dyck, 1635 or 1636, Royal Collection taken from Germany by Americans. Source

I began one section on colonisation by describing Iraq as a cradle of civilisation. One result of that long history is the existence of archaeological artifacts, art treasures, scrolls and other items accumulated over the course of centuries, many of great financial value but also of immense historical significance. Most have disappeared. American troops looted most of the country, with many Iraqi museums today being completely empty. Valuables and historical artifacts were stolen not only from museums and libraries, but also from private homes. Iraq was looted in totality. Published estimates claimed that during combat actions at least 200,000 items of art and culture, many of which were of inestimable value to the history of the world, were stolen from Iraqi museums in Baghdad, Mosul, and other cities. The US government claims these were only a few rogue actions of which it disapproved, but the facts tell us otherwise, and indeed many of these items have appeared in museums and private collections – **in Israel, among other places.**

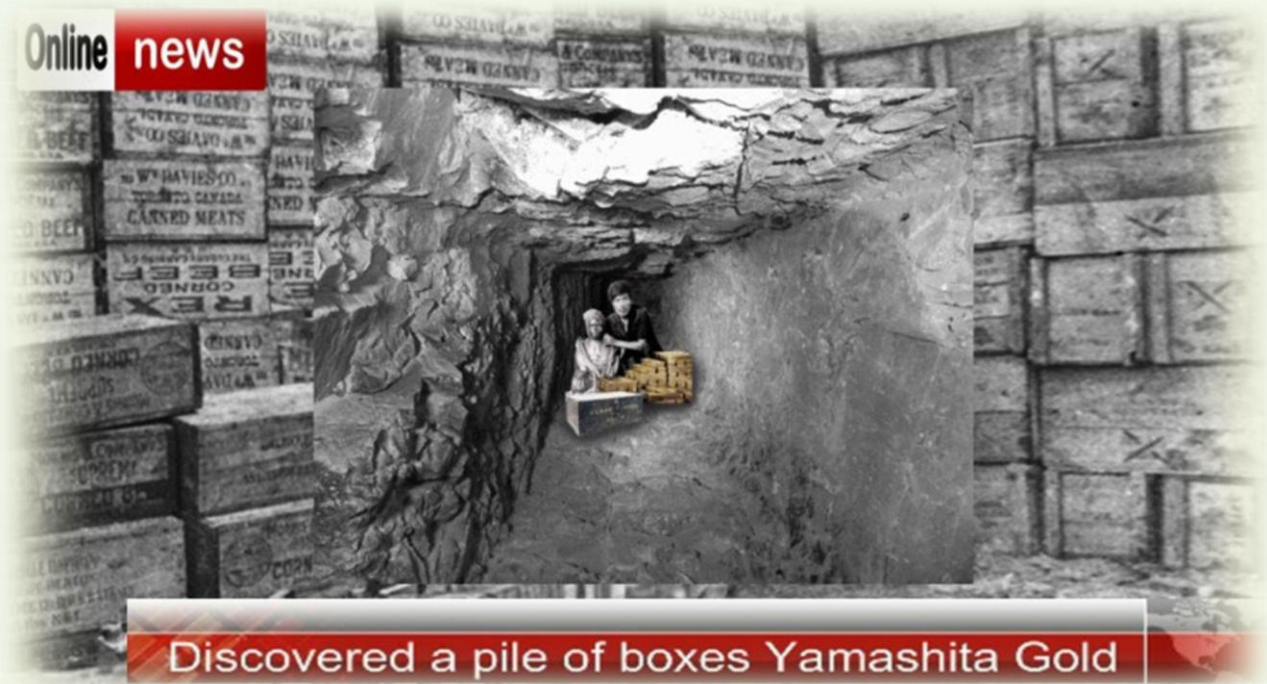
In Germany after the Second World War, the US violated solemn agreements it had made only months earlier when its troops entered the Soviet Occupation Zone and stole more than 100 tons of gold and silver bullion from the Reichsbank, in addition to priceless collections of Soviet art and documents. Some art was eventually returned under Soviet protest, but the gold and silver had somehow disappeared. The Soviet Union insists that the US still holds priceless collections of stolen Soviet art, a claim the US dismissed, but then was caught in a lie when researchers uncovered documents proving the US had indeed kept a huge amount of art treasures – which had by then disappeared into private collections by the usual group of suspects.

There were also documented reports that at the end of the Second World War, the US military emptied a train of 24 cars filled with gold, silver and various expensive art objects estimated to be worth many billions at the time. As well, an additional several billions in gold disappeared from the Reichsbank at about the same time, and has never been accounted for.

The details of European treasure thefts are murky and very complicated, with claims and counterclaims, being easy and tempting to dismiss treasure-hunting stories about Germany as exaggerated tales of war. Today, (and for the last 70 years) we have been inundated with tales of the Germans looting precious metals and invaluable works of art throughout Europe, most particularly from the Jews, but there is a whole lot more to the story than this. For one thing, after the Jews completed their Bolshevik Revolution in Russia in 1917, they looted the entire country, beginning with all the gold in the central bank which was shipped to the US as payment to Jacob Schiff for financing the revolution. But Russia was looted of much more than gold, the relatively well-off middle class owning billions in precious metals, artifacts and invaluable works of art. Most of this was removed from the country, much of it to Germany and Austria, when the Bolsheviks were evicted.

It is therefore likely that much of the art the Germans supposedly looted from the Jews had itself been looted from Russia, the lack of publicity and subsequent claims due primarily to the fact that the Bolsheviks massacred the entire middle class of Russia in their gulags, meaning the original owners were all dead and there was nobody left to complain. Still, the tales of looted European treasure persist to this day, with occasional new finds, new treasure maps and yet more new stories. Nevertheless, documentation does exist to evidence claims that the US and the FED did indeed loot Germany severely at the end of the war. Given the facts of Operation Paperclip, this shouldn't be a surprise to anyone.

Japan's Golden Lily



How Japan and the US plundered China through Operation Golden Mane in WWII. [Source](#)

However, there is another matter of looting, this one involving Japan, that is a bit more sinister and in a league of its own in terms of victors claiming spoils of war. To begin, we need to consider a few apparently unrelated facts.

The first is that, in terms of public knowledge of atrocities and war crimes during World War II, almost everyone is aware of the crimes, real and imagined, including the looting of gold and valuables, committed by Germany, but almost no one, most especially including the Japanese people themselves, is aware of the vast catalogue of almost unbelievable atrocities committed by the Japanese.

The second is that while Russia did hold some war crimes trials against the Japanese, which the US derided as "Communist propaganda", there were no war crimes trials against the Japanese by the US. There was a show trial where two or three people were executed, but that was for knowing too much, not for war crimes. Japan's history of war atrocities was far greater than that of Germany, but we had only silence.

The third is that Japan did indeed have a nasty habit of looting not only the central banks but every possible source of treasure during their sweep through China and across Asia. Gold, silver, jewels, works of art, anything and everything of value was looted and shipped to Japan during the early stages of the invasion. This knowledge has been suppressed, never having entered the mass public mind, except for brief comments made in passing.

The fourth relates to the terms of Japan's surrender to the US at the end of World War II. It is not widely known that when the Americans drafted the documents of Japan's surrender, they specifically prohibited war reparations claims against Japan. Article 14(b) of the treaty stated:

"The Allied Powers waive all reparations claims of the Allied Powers, other claims of the Allied Powers and their nationals (*my italics*) arising out of any actions taken by Japan and its nationals in the course of the prosecution of the war, and claims of the Allied Powers for direct military costs of occupation".

Then-US Secretary of State Allen Dulles bullied and coerced the other allies and all Asian countries to sign this surrender agreement. Only China and Russia refused to be bullied into signing.

How are these related? Well, essentially through the theory and process of Operation Paperclip – with a twist. First, the Americans desperately coveted for their own CIA programs the experience of the Japanese war criminals who performed the multitude of human and biological warfare experiments, and so secretly imported thousands of these people to the US where they would be immune from prosecution, eliminating the need for public war crimes trials. A main part of the reason Japan has never faced internally among its own people the extensive and horrid facts of its atrocities in China and Asia, is because it was never forced to face these externally, to the world. Killing two birds with one stone, the absence of Japanese war crimes trials conveniently avoided public exposure of the vast litany of genocidal war crimes committed by the Americans in Japan. More later.

The next connection, and in some ways the most important, is the waiver of reparations mentioned above. Since there were to be no international war crimes trials and no international claims for war reparations, not only Japan's military atrocities, but all its looting, would never be publicised either internationally or domestically, and therefore never need to be brought to the attention of the Japanese civilian population. And from that silence, Japan's war conduct was simply written out of Japanese history and, to a very large extent, the entire world's history, thanks to American greed and ambition.

But why the prevention of reparations? The US and the Allies used war reparations as their excuse to strip Germany to the bones, leaving only the skeleton of the country. Japan was far worse than Germany in every way, so why the astonishing generosity toward Japan? And here we arrive at the sinister part. As mentioned above, the Japanese did indeed heavily loot all of Asia and did indeed ship some of that loot home to Japan. But as the war progressed and the spoils of war were being looted increasingly farther from home, the Japanese began assembling and storing their loot in preparation for larger shipments later. Unfortunately, as the war progressed, Japan began losing control of the shipping lanes and transfer to Japan was no longer a safe option. **Operating under an incorrect assumption that the US would permit them to keep the Philippines in exchange**

for a cease-fire, the Japanese therefore elected to bury most of that looted gold and other assets in the Philippines. There exists today ample documentation that Japanese officers created dozens of deep storage depots in caves or excavated underground areas, filled them with the looted treasure and destroyed the entrances with explosives. **It also appears to be true that all the individuals who worked on the transport, excavation and storage of all this loot were buried inside the caverns, apparently leaving only three or perhaps four people with knowledge of either the fact of storage or the locations. This was Japan's Golden Lily project.** (1) (2) (3) (4) (5) (6) (7) (8) (9)

There has emerged substantial and irrefutable evidence that the Americans had learned of Golden Lily and had captured and tortured one of those individuals, who revealed the existence and locations of at least some of the sites. The Americans would of course be bound by duty, ethics and law, to reveal this information and repatriate those tens of billions of dollars of gold and other assets looted from the treasuries of China and the other countries in Asia. But the Americans had a better idea. With the looted treasure gone and presumably lost without trace or treasure map, they decided to keep it for themselves. Since Japan could hardly make a claim to this loot after the war, and since the hidden billions were now essentially orphans, they were available for the Americans to quietly spirit away. The problem was that this was a huge crime, even in American minds, since it was clearly a theft from friends rather than enemies, friends who would want their property returned. The Americans found the perfect solution – the provision for forfeiture of reparations in the treaty of Japan's surrender would in fact mean these nations – and their nationals – renounced their claims to all treasure looted by Japan, thus serving to make the Americans' actions "legal", provided only that all parties signed the treaty. And all parties, save China and Russia were indeed bullied into signing.

Chalmers Johnson wrote an excellent Review of Seagrave's '**Gold Warriors**' (10) (11), in which he stated, "Almost as soon as the war was over, American forces began to discover stupendous caches of Japanese war treasure. **General MacArthur**, in charge of the occupation, reported finding "great hoards of gold, silver, precious stones, foreign postage stamps, engraving plates and . . . currency not legal in Japan". There was also a US Army document containing a statement referring to "undeclared caches of these treasures [which are] known to exist". The American occupation forces had apparently discovered at least some of Japan's Golden Lily sites, containing billions in gold and other valuables. This much is without question, and there is documentation that MacArthur actually toured some of these opened sites and evaluated the contents. **The accepted theory is that with the agreement of then-US President Truman, they would confiscate these discovered riches, maintain absolute secrecy, and use the money personally and to finance the future clandestine activities of the CIA.**

There appears to be substantial evidence that **Ferdinand Marcos** found and recovered about \$15 billion himself, partly from a sunken Japanese military cruiser and partly from a discovered tunnel. I believe it was around 2000 or 2001 when a Philippino government official claimed that one of Marcos' daughters held a bank account in Switzerland containing more than \$10 billion, which information was apparently leaked when she attempted to change banks. And in fact, in 1998 the Supreme Court of Hawaii rendered a judgment against Marcos' estate for almost \$1.5 billion as compensation to a Filipino who retrieved a solid gold Buddha from a Japanese tunnel, then had it stolen from him by

Marcos. I believe the portions of this story relating to Marcos have been irrefutably documented and are beyond dispute, which would serve to certify much of the remainder of this adventure, including the portion concerning the Americans.

Treasure Island



Source

In 1999, **Edward Michaud** produced an excellent historical essay titled, "**Corregidor The Treasure Island of WWII**", in which he detailed the looting of the Philippines. It wasn't called looting at the time, but that's what it was. When the Japanese invaded the Philippines, MacArthur was forced to evacuate and take refuge in the island of Corregidor, prior to which he did two things. He ordered all munitions and war materials destroyed so as not to leave them for the Japanese, and he collected and shipped off the entire wealth of the Philippines' central bank and all personal wealth that could be collected in a brief time from local citizens, to be sent to the US for safe-keeping and prevent the inevitable looting by the Japanese. (12) (13) (14) (15) (16) (17)

According to Michaud's report, which I believe is accurate, "The Government securities alone consisted of over 51 tons of gold bullion, 32 tons of silver bullion, 140 tons of silver pesos & centavos, and millions of paper Treasury Notes, bonds and corporate stocks. The civilian property ... consisted of approximately two tons of gold bullion in various sized ingots, along with an unknown amount of precious stones and foreign currency. When orders were received to evacuate the city the many paper inventories and records were still incomplete, with many private citizens not even being given receipts for their

valuables. **Much of it was stored in sections of the large underground complex known as Malinta Tunnel.** The remaining 51 tons of government gold bullion, consisting of 2,542 ingots of 42lbs each, (20 kilos), along with the balance of the paper currency & securities, **were stowed in several of the interior laterals of the Navy Tunnel on the South side of the Malinta tunnel complex."**

Virtually all of this was loaded onto whatever vessels, large or small, were available, and the entire lot transferred to Corregidor, where it was eventually loaded onto US submarines and removed to the US. Anything not able to be shipped out in time was loaded onto surplus vessels which were towed out into deeper water and sunk, this amounting to hundreds of tons of precious metals, much of which was later recovered by the Japanese. The submarines were loaded during the night when the Japanese aircraft could not attack, submerging during the daylight hours for safety. Michaud believes this Philippine treasure was transported to the US Mint, though I imagine it ended up at the FED rather than the mint. He ended his essay by stating, "At the end of the war this securities shipment, "or at least its monetary equivalent", was subsequently transferred back to the Philippine Government", **but I have seen no evidence to support this claim.** Moreover, nobody today is in a position to make such a claim since no accurate inventory was done in the panic to evacuate before the Japanese arrived, and nobody actually knows what was taken. In any case, from the few facts available, the preponderance of evidence is that little of this wealth was ever recovered by the Philippines. This was by no means the only, or the last, such event during the Second World War.

The Great Gold Robbery – Part I – The US FED



Japan 1943 Great East Asia War Treasury loan Japanese 50 yen bond certificate. [Source](#)

Japanese government bonds issued before World War II were completely invalidated by the Supreme Allied Command. Instead, the Allied High Command seized assets of the Japanese government and companies equivalent to the value of the Japanese government bonds at the time, and the Japanese government purchased them through the San Francisco Peace Treaty to fulfill its obligation to repay Japanese government bonds before World War II. [Source](#)

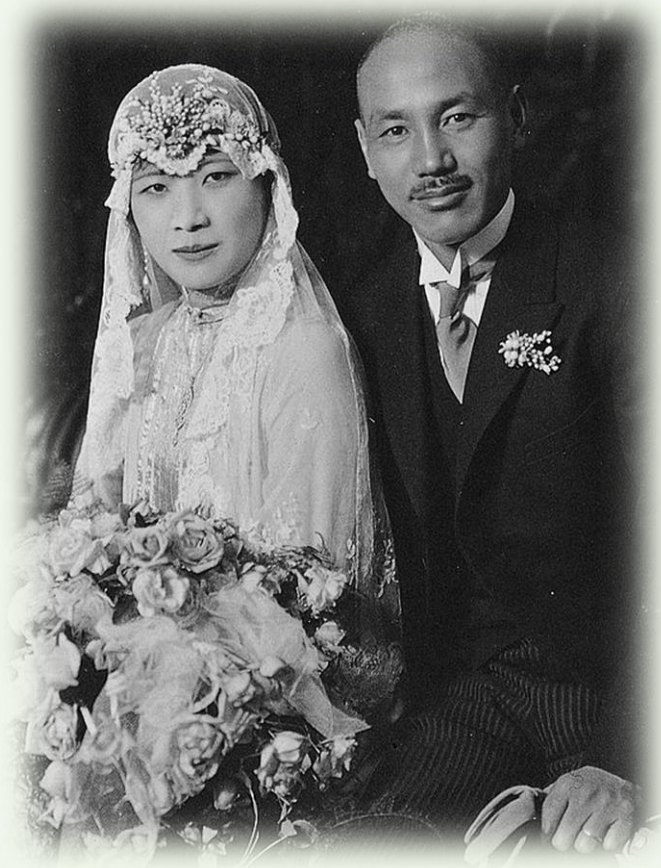
Once upon a time, quite a long time ago, Japan did something that was not very nice. Yes, again. This time, Japan printed a new series of Federal Government bonds, a special series – **their famous “57s”** – the specialty denoted by a new design, new colors, and a new series of serial numbers. If I recall correctly, this series of bonds did not pay annual interest but would pay the full accrued interest and original principle when redeemed on maturity. Through various agents, the bonds were all sold but, when the series matured, Japan declared them fake and refused to pay. Their rationale was that these securities were “different” from any bonds ever issued by Japan; the design was wrong, the colors were wrong, the serial numbers were unlike any ever used by Japan. To make matters worse, these bonds even had “spelling errors” in them, and the Japanese would of course never make such errors on their own bonds issued in Japanese. They had to be fake. Rumor had it that a few small, close friends of Japan did indeed manage to redeem their bonds, but all other investors had to accept they’d been swindled. **This event did not escape the notice of the US FED,** leading us to our story.

Prior to World War II, the US FED and the USG travelled the undeveloped world for years, telling each nation, including China, that when the Japanese (or the Germans, or the Italians, or God knows who) invaded, they would loot each country’s Central Bank and gold reserves. Each country therefore should turn over all its gold to the FED for safekeeping, to be returned after the war. In exchange, they would be given gold certificates issued by the FED that could later be redeemed. This advertising pitch was presented not only to the central banks of each nation, but to all the major local banks as well, offering to (temporarily) relieve them of their entire holdings of gold and silver, to make the world safe for democracy. **Many nations – and many commercial banks, genuinely fearful of another world war, bought this bill of goods, permitting the FED to suck countless billions of gold out of the world, from both developed and undeveloped countries.** The metal was loaded onto US military vessels and shipped to the US. **But after the war, the FED refused to redeem any of the certificates, claiming they were all fake.** Naturally there were outcries but, so far as I am aware, the US media refused to report on these developments.

Rumors circulated for years but the US Treasury and the FED heatedly denied these stories when they surfaced, dismissing them as “urban legends” and “conspiracy theories”, ridiculing both the idea of “safekeeping” transactions and the very existence of these certificates. **But then around 1980, a crashed US military plane was found in the Philippine jungle, laden with heavy wooden trunks full of metal containers, all with FED markings, and all containing hundreds of billions of dollars of these same certificates.** That was when the entire story finally became public, though the Western media have almost totally censored the story. **After that, these certificates began surfacing all over the world, with various parties attempting to exercise claims.** The FED has steadfastly refused to deal with this in an open and forthright manner. Since the discovery, parties in possession of these (now old) bearer gold certificates have been met only with vengeance, usually being immediately arrested and charged by the FBI with fraud. **Even those individuals not attempting to redeem but simply asking for a verification of authenticity, are also arrested and accused of attempted fraud.** The collusion between the FED, the US Treasury and the FBI became sinister and dangerous, the FED pulling out all the stops to intimidate all but the most courageous into silence. A journalist at the *Financial Times* claimed:

"It has now reached a point where you can go into one of the big banks in New York, London or Zurich, give them half a metric ton of gold in return for a certificate of ownership, walk around the block for 10 minutes, re-enter the same bank, and they'll deny ever seeing you before, and have you arrested for presenting them with a counterfeit certificate."

There was one group, the Laurel family that appeared to have an especially good case in dealing with the FED on their several hundred million of these certificates which they presented to the FED for redemption. In this one case, neither the FED nor the US Treasury were so bold as to denounce the certificate as counterfeit, nor to have the Laurels arrested for fraud. Instead, the FED apparently stated they "could not verify" the authenticity of the certificates. From Seagrave: "After carefully reviewing the documents that you and your client have submitted, we are unable to verify that the Federal Reserve bond and related documents ... are authentic. In addition, as I indicated to Mr. Portman by telephone, Chairman Greenspan is not available to meet or speak with you or your client concerning this matter." A further communication from the Chicago FED stated, "There was no record of the issuance ... of these bonds ...", and the US Treasury claimed, "... The Treasury Department has no record that it issued any of the documents in question, and ... has never issued any Federal Reserve bearer bonds of any kind." **The oddity of course is the lack of instant FBI arrests on fraud charges, substituted for rather lame expressions of "Gee, we can't seem to locate the records."**



Source

When Chiang Kai-Shek lost the battle for China and prepared to flee to Taiwan, he and his supporters quickly organised a scheme whereby they emptied the entire gold and silver stocks of China's central banks and commercial banks, after which the Americans flew it out of the country in B-29 bombers owned by the CIA's private airline, Civil Air Transport.

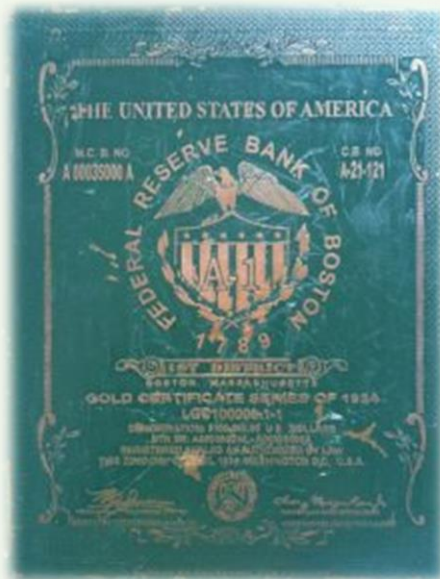
I believe it was Aldrich who noted that these same gold certificates, the Federal Reserve Notes, appear to have been also used "for persuading managers of major banks in the interior of China to part with their vast stocks of gold". He also noted that the CIA and the FED apparently offered gold certificates of a greater value than the gold actually being exchanged, as an extra incentive to the banks to cooperate, since the US "almost certainly had no intention of honoring them anyway". **Sufficient evidence exists that the CIA and the FED sold Chiang Kai-Shek the same story. Since the CIA was already in possession of all of China's gold, having flown it out of the country in their own aircraft, they convinced Chiang to permit its transfer to the US for "safekeeping". Chiang died in 1975 without ever seeing his gold again, and the evidence is that until the day she died in 2003, Soong Mei-Ling (Mme. Chiang) spent all her time trying unsuccessfully to recover her (i.e., China's) gold from the FED. It would seem that gold is still "safe".**

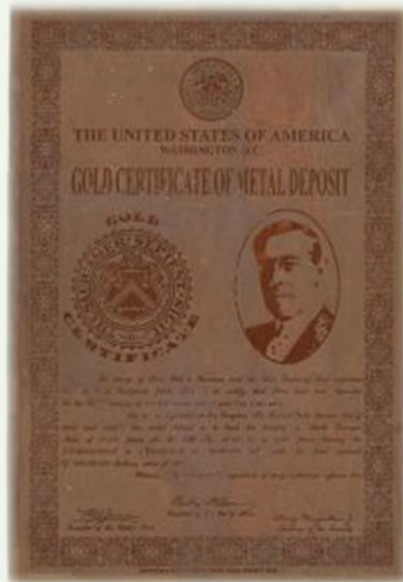
Aldrich was reasonably of the opinion that these certificates might indeed be intricate forgeries, but that if they were, it was most likely the CIA who manufactured them. That's a very likely possibility, since it has never been much of a secret that economic warfare has been a US specialty for a very long time, this warfare absolutely including the counterfeiting of currencies and securities, to say nothing of passports and many other kinds of documents. **And in fact, there is much evidence that the CIA was attempting to destroy China's economy with counterfeit currency during these periods, using what was apparently a very sophisticated printing enterprise in Manila.** According to the British Government, "Foreign Office files also show that the CIA was involved in other currency issues, including the movement of printing plates for Chinese currency." But the British were in no position to point fingers, since their own Special Operations Group printed and dispersed truly massive quantities of counterfeit currencies and various financial securities during World War II.

Be that as it may, looking at the photos of the certificates, one's first impression is that these must be genuine. Counterfeiting a certificate is not difficult, and if we had only pieces of paper the problem would seem to be simple. But we have much more than simple pieces of paper. The trunk containers, made of wood and leather, the metal fastenings, the many smaller boxes containing each issue, made of metal, cast, stamped and engraved, cast with seals of the FED or the US Treasury, enameled in different colors, and much more. **Each box also contained microfilm summaries of the contents and serial numbers, with engraving plates, the containers of which were stamped with "JP Morgan Chase Bank", "Federal Reserve Bank Transfer Notes", and "U.S. Federal Reserve Bank Guarantee Certificates".** To duplicate all of this would require a great deal of knowledge and experience and be an enormous undertaking, far beyond simple counterfeiting or the printing of fake certificates. And there exists such a large volume, apparently issued by various FED districts, from Dallas, Boston, Philadelphia ... To further age all of this so as to appear to be many decades old and suffering from exposure to nature, might be within the abilities of a very few today, but to what purpose? Surely nobody today would attempt such a brazen fraud since the odds of success would be precisely zero.



1934-US-FRB-cases-photo-2-on-22JAN10-courtesy-Andy-Shabet





3-Trillion-Federal-Reserve-Bank-of-Dallas-Texas-Treaty-Of-Versailles-Mother-





100-M-US-Treasury-Note-1934-Series-E-Chicago-Illinois-Serial-No-G00065851A-with-interest-coupons-

And we do have the records of the shipments of gold to the US FED, because these were reported daily in the *New York Times*, and indeed the historical record provides ample evidence that the FED's gold holdings rose enormously and very quickly, more than tripling in the space of perhaps one or two years. They also show a later decrease, **but there is no evidence of the direction of disposition**. A few examples follow.

\$2,623,900 GOLD ARRIVES.

Reserve Bank Reports Receipts From Canada and China.

The Federal Reserve Bank of New York yesterday reported the receipt here of \$1,682,900 gold from Canada and the arrival at San Francisco of \$941,000 gold from China.

Foreign exchanges continued quiet, but were generally reactionary. Sterling fell $1\frac{1}{4}$ cents to \$5.15 $\frac{1}{4}$, the franc was again unchanged at 6.60 $\frac{1}{4}$ cents, guilders cheapened 3 points to 67.67 cents, belgas 2 points to 23.40 cents and Swiss francs 1 point to 32.39 cents. The mark was off 3 points to 39.54 cents, the lira down 4 points to 8.53 cents and the Canadian dollar dropped $\frac{1}{4}$ cent to 1-32 cent premium.

The New York Times

Published: April 14, 1934
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GUATEMALA SENDS GOLD.

\$11,300 Added to Earmarkings—\$877,000 Sent to Chile in Week.

The Federal Reserve Bank reported the arrival here yesterday of \$11,300 in gold from Guatemala to go into the stock held under earmark for foreign account. No exports of the metal were made.

In its statement for the week ended on Wednesday, the bank reported exports of \$877,000 in gold to Chile, and no imports. There was, however, a gain in the monetary gold stock through the release of \$1,577,000 earmarked gold. San Francisco received \$230,000 in gold from China.

The New York Times

Published: September 21, 1934
Copyright © The New York Times

IMPORTS OF GOLD MOST SINCE MARCH

Conditions Abroad Cause a Demand for Dollars and Lift November Transfers.

TOTAL IS \$112,912,700

Monetary Stock of Metal of Nation Sent to Record Total of \$8,076,000,000 Nov. 21.

Unsettled financial and political conditions abroad in November caused a demand for dollars, which resulted in severe weakness in foreign exchanges and a subsequent movement of gold here not equaled since March. Imports of gold totaled \$112,912,700, while no exports were reported, compared with imports of \$8,500,900 and exports of \$1,004,800 in October. In November a year ago \$1,689,299 in gold was exported and none was received. Of the gold shipments here in November, \$66,625,700 came from France, \$15,759,600 from Belgium and \$30,527,400 from India. Earmarked gold was increased slightly, gaining \$337,200 in the month, following a reduction of 307,900 in October, and compared

with the corresponding month in the previous five years, all figures based on the new price of \$35 an ounce for gold.

Year	Imports	Exports	Net
1933	\$112,912,700	\$1,004,800	\$111,907,900
1932	\$8,500,900	\$1,004,800	\$7,496,100
1931	\$1,689,299	\$1,004,800	\$684,499
1930	\$1,689,299	\$1,004,800	\$684,499
1929	\$1,689,299	\$1,004,800	\$684,499

Chinese exports.

Federal Reserve Bank Reports Receipt Here Of \$6,120,500 Gold From Abroad in One Day

Engagement of \$1,650,000 gold in England for shipment here was reported yesterday to the Federal Reserve Bank of New York, which also noted receipt here of \$6,120,500 in gold, the largest single day's arrival in two weeks. The total included \$2,545,200 from Canada, \$2,005,100 from Switzerland, \$1,461,500 from Australia and \$108,700 from India. The bank also reported the arrival at San Francisco of \$292,000 gold from China and \$97,000 from Australia.

Included in the receipts here yesterday was the gold from Australia that had arrived in Boston on Wednesday and been forwarded to this city by armored car. The truckload came through without incident and reached the bank early yesterday morning.

In its statement of gold transactions for the week ended on Wednesday, issued yesterday, the bank listed receipts here of \$13,404,000 gold, of which \$7,529,000 came from England, \$2,545,200 from Canada, \$2,005,100 from Switzerland and \$1,461,500 from Australia. It reported that \$430,000 gold had been received in San Francisco during the week, \$138,000 coming from Australia and the remainder from China.

The course of the foreign exchanges yesterday was mixed, with sterling again slightly weaker but most other currencies firm. The pound dropped 1-16 cent to \$4.89 7-16. France rose 1-16 point to 64.95 cents, guilders were up 4 points to 54.70 cents, belgas gained $\frac{1}{4}$ point to 18.96 cents and Swiss francs advanced $\frac{1}{4}$ point to 23.40 cents.

The New York Times
Published: February 16, 1937
Copyright © The New York Times

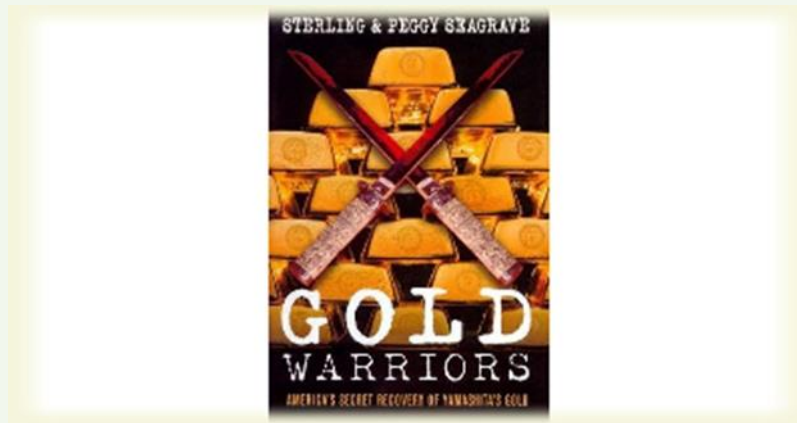
The New York Times

Published: June 8, 1934
Copyright © The New York Times

Newspaper clippings documenting the worldwide transfer of gold bullion to the US FED for "safekeeping". Almost none of this gold was ever seen again by the original trusting owners. The FED declared all the certificates counterfeit and kept the gold. Searching the *New York Times* archives with the keywords "China gold" produced quite a lot of data, with one writer claiming seven US naval destroyers laden with 125,000 metric tons of Chinese gold sailed to the US in 1938, apparently to protect it from the Japanese who were invading at the time. It would seem this was Chiang's gold stolen from the Mainland. These would all have to be clandestine sailings since the Japanese would certainly have retaliated had they known.

One NYT article dated December 1, 1934, was headlined, "Imports of Gold Most Since March", informing readers that "Conditions Abroad" cause a demand for dollars and for gold transfers to the US – presumably for safety. The article states that about \$113 million of gold had been transferred to the US in November alone, bringing the total of foreign gold shipped to the US to more than \$8 billion. **This article lists China at only \$600,000 in gold, but China was almost never listed in any such reports since the removal of gold from China was all done illegally and would have been stolen.** The countries listed in this article included France (\$66 million), Canada, Belgium, Colombia, Great Britain, Guatemala, Holland and India. It also listed many hundreds of millions in gold transfers in the same month for five previous years.

Another article dated September 21, 1934 stated "Guatemala Sends Gold", and listed \$230,000 from China. A similar article dated June 8, 1934 noted the US FED received many more tens of millions from France, Jamaica, Canada, England, Columbia and India, with another few hundred thousands of legal gold from China. And more millions from Canada on April 14, 1934. Yet another announcement dated February 19, 1937, listed many tens of millions in gold, more than \$13 million of which arrived at the US FED on one day. This list included Australia, Canada, Switzerland and India. Other articles from June 6, 1926 listed shipments from Cuba, Chile and Singapore, and included some from China that altogether totaled almost \$100 million. The reason China isn't listed in the *New York Times* daily reports of gold shipment receipts is that the removal of gold from China was illegal at the time, according to both the Chinese government and the occupying Japanese army in the areas they controlled. The US was therefore not always successful in its attempts. In one case, a *New York Times* article dated October 25, 1938 is headlined, **"US Liner Yields to Japan on Cargo"**, stating that **the USS President Coolidge was forced to unload \$2.8 million in gold in order to get its Shanghai clearance papers.** It states further that the US Consul protested, but the Japanese insisted the gold was Chinese-owned and had to be returned to the US-owned Chase Bank who were attempting to smuggle it out of China. **The Chase bank had apparently tried to disguise their activity by loading the gold onto a US naval vessel during a move to new bank quarters, but the move attracted Japanese attention due to a too-prominent US Marine escort.**



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I believe it was **Sterling** and **Peggy Seagrave**, in their book, **"Gold Warriors"**, who wrote:

"Here was a fraud that had been used many times by banks all over the world. When a gold certificate was issued in exchange for bullion placed on deposit, embedded codes were used including misspelled words, to "assure" that the owner's certificate matched the bank records exactly. **These misspellings were later easily cited as "evidence" of fraud.** In Japan, Prime Minister Tanaka had gone one step further in designing his notorious "57s" to look completely different from normal Japanese government bonds. **If he wanted to redeem one for an ally, he could. If he didn't, he could declare it a counterfeit, and point out that it didn't even look like a government bond.**

The Reagan administration's answer was similar. A large number of Fed bonds and gold certificates were printed at the Bureau of Engraving and Printing, on the wrong type of paper, with a comic variety of deliberate errors. Many were engraved with the wrong faces, the wrong mottos, the wrong designs, the wrong signatures. Some were even engraved and printed in traditional Chinese characters. This would be a hilarious disinformation campaign, flooding Asia with blatant forgeries, to make the whole idea ridiculous. It would cut the legal legs off anyone trying to redeem legitimate gold certificates or legitimate Fed bonds. They could be laughed out of court."

It's important to note here that we are now dealing with two totally different series of certificates. The originals, from the 1930s, are the main issue, but when this story became public in the early 1980s there suddenly appeared a huge volume of newly-printed certificates that were poorly-done, printed with spelling and other errors that would easily enable them to be declared fake. It is these that were apparently printed by the FED, courtesy of the CIA, so as to confuse the issue and justify declaring all such securities as counterfeit. To quote Seagrave again on the original series, "In sum, these FED notes were not created for a covert CIA operation in China, but are authentic in every respect."

There are a few other very strange events in this story. Upon the discovery of that crashed aircraft, the attendant publicity and the surfacing of redemption claims for these certificates, the FED in 1986 suddenly decided to remelt and recast its entire holding of gold bars from rectangular ingots to a trapezoidal shape. No explanation was offered, but then none was really necessary. Remelting thousands of tons of gold is not a small task

nor is it inexpensive, and would be done only in case of calamitous need of some kind, and certainly not for the foolish reason of “changing the shape” of the bars. Whatever the FED’s actual or stated purpose might have been, the main result was that **remelted gold no longer contains its original markings, which means there is no longer any way to identify the original source of that gold.** And that means nobody can ever prove the gold held by the FED or any of the major US banks is the gold that was looted from China, or indeed any other country.

In 2013, there were media reports that were quickly buried and censored in the US, though not in Europe, about Germany’s quest to repatriate its gold holdings from the US FED. The German government has been storing about half of its gold supply with the US FED, apparently in the NYC FED vaults. Germany’s central bank decided to bring home all its gold, but the FED refused the request, claiming such a move would be impossible today, further stating it would need until 2020 to be able to accomplish the transfer. The German government then asked to visit the FED vaults to inventory the gold and determine its actual existence, but the FED refused to permit Germany to examine its own gold. The reasons given were “security” and “no room for visitors”. Nothing else.

Upon determined insistence at this strange turn of events, Germany did finally send some staff to the FED, who were permitted only into the vault’s anteroom where they were shown 5 or 6 gold bars as “representative of their holdings”, but were permitted to view nothing else. German officials returned a second time, with even more determination, at which time the FED apparently opened only one of 9 vaults and permitted the Germans look at the stack of gold from a considerable distance, but were not permitted to either enter or touch. And they returned home. After repeated insistence, Germany did recover a small portion of its gold holdings, but almost none of that came from the US FED; most was shipped to it from France’s central bank – owned by the same private owners who own the FED.

Speculation has been brewing for many years that the FED doesn’t actually have much gold, that it has either sold it off, lent it out, or used it as collateral for borrowings. In any case, there are many claims today that the gold being stored on behalf of many nations, doesn’t actually exist. Nobody, other than FED staff, have actually been permitted inside the vaults to see or inventory any of the gold, and there is no evidence that the gold actually exists, other than the word of the FED.



The famous vault of gold is lost in the vast expanses of northeastern Kentucky. The walls are constructed of granite, which is covered with hardened steel and concrete. No one knows the entire code to enter the vault - it is divided among ten keepers. Fort Knox is surrounded by 5,000-volt barbed wire around the perimeter and is also guarded by paramilitary helicopters. Towers are built nearby, which are equipped with machine guns. If necessary, the storage sectors are instantly filled with toxic gas or flooded. The life support system provides for the availability of a power plant, water and food. Source

Even worse, the situation is the same with the supposed gold depository at Fort Knox, the storage location of what is supposed to be the entire gold holdings of the US Treasury. Most people believe Ft. Knox is a government vault, but while it is built on government land it is managed by the FED and the entire contents are the property of the FED, not of the US Treasury. This has been true for a very long time; since the creation of the Federal Reserve System in 1913, the contents of Fort Knox have belonged to the FED but guarded by the US military and domestic private security. But nobody knows what is there.

The last audit, and the last public visit, was in 1953, just after U.S. President Dwight Eisenhower took office. No outside experts were allowed during that audit, and the audit team tested only about 5% of gold there. There hasn't been even an inventory, much less a comprehensive audit of Fort Knox in over 60 years. In 1974 six Congressmen, one Senator and the press were allowed to enter Fort Knox to see for themselves if the gold was there or not. The tour showed that there was something in Fort Knox that looked like gold but, all the same, it sparked even more controversies. Only a small fraction of the gold reserves was made available for viewing, and one Congressman published a report saying that the gold bars held in the fort were less heavy than expected. During recent years, several US politicians have claimed that there is a high chance that neither Fort Knox nor the FED have any gold, or perhaps only a very small amount, and have demanded a full and public inventory and testing, but the FED have resolutely refused.

Given the near certainty of the US FED and Treasury having little gold, there has been much speculation about the location of the world's gold holdings which exist at the FED on paper but not in reality. I do not know where the gold is, but if I had to guess, I would guess it is all sitting deep in the mountains in Switzerland, in the many hundreds of tunnels drilled deep into the rock underneath the new headquarters of the BIS – the Bank for

International Settlements, which is in turn also owned by the same people who own the FED and various other European Central Banks.

The Great Gold Robbery – Part II – Citibank

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3			
4	UNITED STATES DISTRICT COURT		
5	for the		
6	SOUTHERN DISTRICT OF NEW YORK		
7			
8	-----x		
9	Anjun Xiong	CIVIL ACTION	
10	and Di Jin on behalf		
11	of themselves and all other	98CIV. 3313	
12	persons similarly situated,		
13			
14	Plaintiffs	COMPLAINT	
15			
16	v.	CLASS ACTION	
17			
18		JURY TRIAL DEMANDED	
19	Citibank NA, aka Citicorp, aka The First		
20	National City Bank of New York,		
21	aka City Bank of the USA, and related		
22	firms and entities in Singapore, and Bank		
23	For International Settlements, Basel,		
24	Defendants.		
25	-----x		

Complaint - 1

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MAY 08 1998
U.S.D.C. S.D. N.Y.

150215

这是98年5月8日
在纽约南区联邦
法院起诉书封页。

70: Kin 3044

My Zhang (Lawyer)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
300 QUARROPAS STREET
WHITE PLAINS, NEW YORK 10601
914 390 4088

70: Kin 3044
张付平收

Chambers of
Hon. George A. Yanthis
United States Magistrate Judge

September 18, 1998

Ms Lina Zheng
33-70 Prince Street Suite 308
Flushing, NY 11354

SCHEDULING NOTICE

98cv3313 (RCC)(GAY)

The matter of Xiong v Citibank has been scheduled for Pretrial/Status conference before the Hon. George A. Yanthis, United States Magistrate Judge, on October 6, 1998 at 9:30 am in Courtroom 263.

PLEASE NOTIFY YOUR ADVERSARY OF THE TIME AND DATE OF THIS MATTER

Donna Hilbert

Donna Hilbert
Deputy Clerk
United States District Court

王明辉收
内容请见王明辉银行的案，已于
10月6日 下午 1:30 于 263 法庭，王明辉收，王明辉

已向西區法院申請以150萬美金賠償其損失。
 不說明法院是否如所請在80萬美金內。

U.S. District Court
 Southern District of New York - Civil Database (White Plains)

CIVIL DOCKET FOR CASE #: 98-CV-3313

Xiong, et al v. Citibank NA, et al
 Assigned to: Judge Richard C. Casey

Filed: 05/08/98

Demand: \$0,000
 Lead Docket: None
 Dkt# in other court: None

Referred to: Magistrate Judge George A. Yanthis
 Nature of Suit: 430
 Jurisdiction: US Defendant

Cause: 28:1391 Personal Injury

ANJUN XIONG
 plaintiff

DI JIN, on behalf of
 themselves and all other
 persons similarly situated
 plaintiff

v.

CITIBANK NA, and related firms
 and entities in Singapore
 aka
 Citicorp
 aka
 The First National City Bank
 of New York
 aka
 City Bank of the USA
 defendant

BANK FOR INTERNATIONAL
 SETTLEMENTS, BASEL
 defendant

已
 律師已收到
 10月10日的信
 新開庭時間表

譯文: 美國聯邦法院紐約區法院。

位於南部地區。此案件98-CV-3313

被告係和某人。此被告在紐約和其餘銀行。
 1998年5月10日。

分派法官: 理查德·C·凱西。法官詢問被告: 原告
 要求: 美元。訴訟性質: 430。

可據審判: 美國(被告)

理由: 28:1391: 個人侵權。

被告: 原告: 金華: 代表自己的自己和平何
 其他相似情況的原告。

被告: 此被告在紐約和其餘銀行和其餘破的信件。花旗銀行
 (日本、但係第一城市銀行、美國花旗銀行)。

1998年10月20日下午3:34的信。

第一頁。

Docket as of October 2, 1998 3:34 pm

Page 1

proceedings include all events.

98cv3313 Xiong, et al v. Citibank NA, et al

- 5/8/98 1 COMPLAINT filed; Summons issued and Notice pursuant to 28 U.S.C. 636(c); FILING FEE \$ 150.00 RECEIPT # 315357 (ds)
[Entry date 05/12/98]
- 5/8/98 -- Magistrate Judge Yanthis is so Designated. (ds)
[Entry date 05/12/98]
- 5/26/98 2 Order that case be referred to the Clerk of Court for assignment to a Magistrate Judge for General pretrial/including initial case management conference. So Ordered; (signed by Judge Richard C. Casey) Referred to Magistrate Judge George A. Yanthis (ds)
- 5/28/98 3 ORDER It is hereby ORDERED that by 11/30/98 the plntf shall effectuate service of the summons and complaint and file proof of service with the Clerk of the Court. It is further noted that the 10/6/98 status conf. is hereby adjourned, without date. So Ordered: (signed by Magistrate Judge George A. Yanthis); Copies mailed (ds)
[Entry date 09/29/98]

记录包括所有事宜:

7: 98 CIV 3313、熊等诉花旗银行、花旗银行诉熊等案件

98.5.8. 1 归档的原告、被告的传票、和遵照 28 U.S.C. 636(c) 的通知。
档案费 150.00 美元。接收号 315373 (ds)
(进入日期: 98.5.12)

98.8.26. 2. 原告律师查询安排原告和被告的会议。
原告律师 (原告: 理查德·塞奇), 查询被告 (被告: ds)

98.9.28. 3. 原告: 被告命令 98 年 11 月 30 日原告提供有效的证据。根据传票, 原告和被告。被告记录 1998 年 10 月 6 日的状态会议。
原告人姓名: 被告姓名 无列明。进入日期: 98 年 9 月 29 日。
复印原告 (ds)

ocket as of October 2, 1998 3:34 pm

Page 2

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TELEPHONE (212) 702-7874

FAX NUMBER (212) 342-4005

October 30, 1998

Haining City Magnesia Sinter
Company, Liaoning Province

Attention: Hu Xuedong/ Vice-Manager

Re: Invitation for Hu Xuedong to Visit the United States for Citibank
Litigation

Dear Sir:

I am an attorney representing the interests of my client, Mr. Anjun Xiong & Mr. Shao Lian Hua with respect to a claim that they have, as plaintiffs in pending litigation, both personally and as the legal representatives of other Chinese citizens, living both here and in mainland China.

In order to proceed correctly with this litigation, it is necessary that certain witnesses and documents be brought to the United States, to the Federal District Court for the Southern District of New York, where this case is being litigated (Anjun Xiong et. al. v. Citibank N.A. et. al., United States District Court for the Southern District of New York, Index No. 98 Civ. 3313), and where there is a new court date of November 30, 1998 pending.

Specifically, it is respectfully requested that Mr. Hu Xuedong, a male Chinese citizen living in Liaoning Province, date of birth: 18 September 1965, has in his possession certain original documents in support of this claim by my clients against Citibank, which arises from deposits made with the predecessor of Citibank, Singapore Branch, and transferred to the United States Citibank branch in April 1941.

I therefore respectfully wish to invite Mr. Xuedong to the United States, on an appropriate, which will be applied for at the Embassy.

Thank you for your kind consideration in this matter, I am

Most respectfully,


Harvey B. Baum, Esq.

HBB:pl/c/shao/letters



Citibank has been a criminal organisation throughout its entire life, from the day it was born in the 19th century with incestuous ties to the Rockefellers and their Standard Oil empire. By the time in the early 1900s when the bank changed its name to National City Bank of New York, it was already engaged in a multitude of criminal schemes in the US, and soon expanded its vampire tentacles overseas, most especially to China. It pushed, tested, and violated, most domestic banking regulations but it was in China where the owners of the bank succeeded even beyond the wildest dreams of avarice. It should be noted here that the few 'biographies' of Citibank in existence have mostly been written by the bank itself, mostly as self-praise for its apparent growth and success. To counter this, many skeptical authors attempting a more honest and penetrating biography of this criminal monster have complained that Citibank's archives are off-limits to researchers. And for good reason, as we will see.

Peter James Hudson, in his investigative journalistic attempts on Citibank, wrote, "How does one write capitalism's history without capitalism's archives? Citigroup's (archives) are closed to researchers." He noted also that one of the more important texts published on Citibank "Citibank, 1812-1970, was published by Harvard University Press but written by bank executives as an exercise in corporate strategy." He was attempting to reconstruct the history of Citibank from independent archives that were "dispersed, uncollected, uncollated, and largely unknown – and created not by Citigroup, but by artists and activists who have protested its activities." He stated that this work would offer "a radical counter-narrative to a corporate history written by a corporation".

In its promotions in China, Citibank boasts of having been first established in China in 1902, testifying to its devotion to China by displaying a photo of some currency issued in China by the National City Bank of New York. But then from 1902 until Citi's trepidatious re-entry into the backwater of Shenzhen in China in the late 1980s, there is nothing. Specifically, there is no information on Citi's activities during this period, other than the names of a dozen cities with branch locations and a kind of muffled statement that Citibank left China "because of the war". During that period, we have only silence. Not only silence, but a strange lack of the written word. In fact, the Internet, at least those parts that can be controlled, have been totally sanitised. According to the entire world's media and historical archives, Citibank did not exist in China from 1902 to 1949, in other words from the day it arrived to the day it left. We will soon learn why.

In the early 1900s in most countries, the governments' central banks did not issue currency, leaving this task to the various chartered banks, each of whom was permitted to issue unlimited amounts of currency provided it had sufficient backing in gold or silver to correspond to the volume of paper money it printed. And in many countries, paper currencies from many banks circulated simultaneously and were freely interchangeable, accepted as cash based on the assurance of precious metal backing. This condition was also true in China, with both Chinese and foreign banks issuing their versions of paper money.

In Citibank's case or, more correctly, the National City Bank of New York, permission was granted to open branches in Shanghai and to issue paper money based on the requirement of precious metal backing, a stipulation with which Citi complied. But then with controls lacking due to the disruptive interference in China by the Western powers, Citi became ambitious and expanded its branch network to twelve different cities – without permission – and began issuing unlimited amounts of currency in all of them, but without the gold or silver underpinnings. Citi was nearly bankrupt when it entered China, with no ability to commit further assets, so the bank simply began printing and issuing totally unbacked Chinese currency with the assumption that it would be accepted by the population who would provide silver in exchange. This was true "suitcase banking", since these were simply illegal shell banks with no assets and no registered capital. I could find no definitive record of the total amount of fake currency Citi issued, but it would certainly have been in the tens of billions of dollars, contributing heavily to China's inflation and producing massive criminal profits for the bank.

But there was much more, with the owners of Citibank crafting and perpetrating one of the largest fraudulent thefts in China's entire history. Citi wasn't satisfied with the profits from selling paper money and devised a scheme to plunder all the gold from Chinese households, gold which was held by most citizens as a traditional form of savings. The bank began a widely-promoted campaign to encourage all Chinese to bring their gold bars to Citibank for storage in the bank's vaults, on the premise of safety, all citizens being given paper gold 'certificates' as evidence of their deposits, certificates which could be redeemed at any time for the actual gold. The Chinese government made strenuous efforts to discourage its citizens from participating in this program since it had already been abundantly clear that the foreigners could not be trusted.

Unfortunately, many Chinese chose to disregard these warnings and trustingly handed over their gold bars to the National City Bank of New York for safekeeping. But then one day when the vaults were full to overflowing and the handwriting on the wall, our Jewish bankers had a change of heart. They transferred all that gold from their vaults to US military vessels and sent it all home to New York. Then Citibank just closed its doors, said "Good-bye, China", and returned home. From reports I've seen, that gold eventually ended up with the US FED. You will recall the earlier comments on the FED suddenly re-melting and recasting all its gold holdings. Now, you know why.

Interestingly, the occupying Japanese military were able to confirm this sequence of events, which was reported in the New York Times, having suspected the process and initiating the habit of inspecting US warships prior to departure from Shanghai, and in

more than one case ordering the Americans to offload the gold, some of it apparently 'belonging' to the Morgan and Chase banks. But it seems most of it managed to escape, and once again the total was certainly in the tens of billions of dollars – and this was in the 1940s. Given the proven cases and moderate estimates of residuals, it is abundantly clear that Citibank owes Chinese citizens far more than the entire capital value of the bank today.

According to reports of the time of Citi's evacuation, many people brought their gold certificates to the bank's Shanghai branch for redemption but were stalled by the staff and found signs stating that all Citibank's business had been settled and citizens should refer to the Bank of China. It was later apparent that Citi had long been preparing for its retreat from China, leaving virtually no evidence of anything in its offices, having removed or destroyed all evidence of all events of its 40+ year criminal history in China. It also seems apparent from the historical record that Citibank was in desperate straits during this period, having lost its assets in Cuba and South America, in Russia after the revolution, in the US during the depression, and was on the verge of insolvency. Various books have referred to this period, one published by Harvard University stating that Citibank's miraculous development was due entirely to its "rapid acquisition of assets" in China, some authors documenting Citi's China assets at about 30 billion yuan in Northern China and another more than 10 billion in the South, these 'acquired assets' having been transferred to the US.

Naturally, even still today, there are many Chinese with all their intact historical documentation who want to recover their gold from Citibank. Many groups of Chinese have hired lawyers in both China and the US in attempts to present their documented claims to various courts and, just as naturally, Citibank does all within its power to prevent such claims being heard in any court anywhere. In China, Citi's defense is that it operated as a different legal entity – the National City Bank of New York – and therefore cannot be sued in China since that entity no longer exists. However, prosecution would be admissible in the US since Citi is deemed the legal descendant of that prior bank. One group in particular presented all the supporting evidence to document a claim against Citibank for \$250 million. Eventually a New York court agreed to admit and hear the case of these Chinese plaintiffs, with the odd stipulation that each plaintiff would have to appear in person in the US courts to give their testimony, and further that they would have to present in person the originals of all documents. Copies would not be accepted.

No problem so far. But when these Chinese plaintiffs attended the American consulates in China to obtain their travel visas, the US State Department refused to accept any of the applications and denied all travel visas to the US. The Americans refused to offer any explanation, but then we don't really need one, do we? No travel visa, no personal appearance in a US courtroom, no trial, no refund of billions in gold by Citibank. It was not helpful or appreciated when US State Department officials mocked these Chinese plaintiffs by telling them to "pursue your claims in China", knowing full well that could not be done. An easy way to think about this is if I, John Jones, cheat you in a business deal then change my name to Harry Smith. You can try to sue John Jones in a court, but that person no longer exists, and the 'legal person' of Harry Jones has never had any dealings with you. This is the US 'rule of law' of which Americans are so proud, and is the problem with suing Citibank in China. Of course, even American lawyers said the actions of the US Consulate in Shenyang (in refusing the visas) were illegal, but in China they have

diplomatic immunity and cannot be charged or forced to appear in a court. They could be deported as punishment, of course, but would simply be replaced by others reading from the same script.

Actually, there was one plaintiff who did manage to obtain a short-term travel visa to the US in preparation for filing a court claim ([18](#)). This man, Shao Lianhua, claimed that first he experienced extreme difficulty in finding an American lawyer to take his case, claiming US lawyers treated his party with contempt, stating openly they would not assist any Chinese in extracting money from the US. Nevertheless, having arrived in the US and obtaining a lawyer, Shao experienced visitors at his hotel room the night prior to his court appearance. Two heavily-armed policemen forced entry to his room and demanded a search of his possessions, specifying the documents related to his gold certificates. This was clearly an illegal act since they had neither search warrant nor probable cause. Shao had had the presence of mind to have hidden his documents where they could not be discovered, but was unable to prevent the search. He finally called his lawyer, and apparently after some protracted discussions the police left empty-handed. But they were not police. From their cards and photos, the lawyers eventually identified the men as US Treasury Secret Agents. We can legitimately ask why the US Treasury, acting on orders from the White House, would send armed agents to perform an illegal search for the sole purpose of confiscating the originals of crucial evidence of Citibank's fraud.

In any case, Shao returned to China, also empty-handed, and that was the last travel visa granted to these Chinese plaintiffs. I would say we needn't hear any more stories about the "independence" of the US judiciary, or foolish ideological tales about "rule of law" or of Americans "playing by the rules". To further make the point, in one of its more ideologically bankrupt articles, the New York Times wrote: "Without a democratic political system ... can we trust the Chinese to play by the rules?" It would appear to be countries with a democratic political system that can't be trusted to play by the rules.

There are many other validated claims in addition to the one for \$250 million mentioned above. One listing of stolen Chinese civilian gold by Citibank totaled \$100 million from one family or group of families, in nine tranches dating from 1912 to 1933. Another listed many millions in 19 tranches dating from 1934 to 1941. Another listed 17 tranches dating from 1907 to 1913, in individual amounts as high as \$25 million. The evidence is irrefutable that while the US Treasury, the FED, and the CIA, were busy extracting the gold of nations from the world's central banks and large commercial banks, Citibank, Morgan and Chase were busy sucking all the personal gold holdings from the population. Working in concert, to amass for the FED and US banks the entire world's gold supply.

But Citibank isn't lacking gall. In 2002, Citi was widely promoting a grand celebration of its "100 years in Asia", during which it "helped shape Asia's financial landscape and brought innovative consumer banking to millions of customers". Not only that, but as the bank's presence is again growing in Asia, we are told "Citibank is ideally positioned to serve the diverse financial needs of the region for the next 100 years." I think we can all be forgiven for saying, "No thank you. We still haven't recovered from the way you "shaped" our economies in the last century."

One of my colleagues made a suggestion I thought was workable: to establish a Chinese "Gold Museum" containing all the evidence, and locate it near a Citi branch or Citibank's head office in China, and notify all the media. It might even contain an "Economic Holocaust Clock" to display both the principal and the accruing interest on this massive theft. Another colleague suggested that a Venture Capital firm specialising in litigation might be interested in collecting, authenticating and processing these certificates with a view to creating a nation-wide class action. Such moves might well pressure Citibank to either acknowledge and pay for their crime, or pack up and leave China forever.

There is much more to this story, leading to reasonable speculation that Citibank pulled the same stunt in perhaps a dozen countries. If it works in one place, it should work everywhere. At the same time, in 1902, that Citi (International Banking Corporation) registered itself in China, it also opened banking operations in Manila in the Philippines, in Calcutta in India, in Singapore, in Yokohama in Japan, in Brazil in 1915, in Argentina, and in other countries. Citibank (and the US generally) was so hated in Argentina that in 1927 a group of patriots (or anarchists) blew up both Citibank's headquarters and that of the Bank of Boston, very possibly as retaliation for the same crimes. For good measure, these same people (or perhaps others) also bombed the US Embassy and the Ford Motor company. Citibank has been hated in several places, and I would say for good reason. Evidence on Citibank's activities prior to World War II anywhere in the world is extremely difficult to find. Courtesy of everyone from Google to the mass media to the US government and including Citibank itself, the public record has been sanitised to an astonishing degree. There are many people in high places who really do not want this information to escape into the public realm.

Citibank's website does give us this: "Citibank's initial entry into China was back in 1902 when it launched its first branch in Shanghai, the commercial and financial center of China at the time. Over the next thirty years, Citibank opened up fourteen branches in China. Most of the branches were in major port cities and tailored to suit the needs of foreign expatriates and traders in China. Note the last sentence about activities tailored to suit the needs of "foreign expatriates and traders" in China. There exists a high probability that these were the Sassoons, Kadoories, Hartungs and others involved in the opium trafficking in China at the time. If my suspicions are correct, Citibank established itself in China initially for the purpose of dealing in and laundering drug money, the same reason the HSBC was established. Citi is of course silent on this point, saying only that it quietly returned to China in the mid-1980s.

One of the very few references on the Internet dealing with Citibank in China was a brief paper from an American university stating that Citibank's "... Chinese branches even remained open and profitable through the Great Depression that swept across the United States in the 1930's. However, in 1940, due to the outbreak of World War II, all fourteen branches were closed heeding the Japanese invasion of mainland China and all of Citibank's expatriate workers were ordered to return to the United States for their own safety. By 1942 all the branches were closed and the Communist Revolution after the end of the war prevented Citibank from resuming its former business in China. They were, however, able to return to open their branch in Hong Kong." That's cute. Citibank left China not to escape its crimes but because of the war, and it was prevented from returning not due to its massive thefts but because of those uncooperative Communists. Blame the victim.

As a sort of epilogue, I could note that Citibank was born as a criminal enterprise in 1812, Moses Taylor heavily bribing the New York State Legislature to grant him a banking charter. One author noted that with the Jewish dynamic duo of Moses Taylor and James Stillman running the show, "Citibank committed historical crimes of enormous magnitude", reaping huge sums from defrauding investors and corrupt deals with government officials. A US Senate Banking Committee accused Citibank of fraudulently promoting the sale of stocks at vastly inflated prices, and being 50% responsible for the devastating 1929 stock market crash. In fact, it was specifically to protect the public from Citibank, by that time one of the largest US banks, that the government first enacted securities legislation. Citibank fails to take credit for this on its website biography.

Citibank's crimes in China involved much more than the issuing of billions in fraudulent currency and its massive gold theft. Citi participated in the looting of several Chinese banks, the Bank of Hankou being one, was also involved on an apparently large scale in the smuggling of invaluable artifacts from China, in the smuggling and sale of arms to facilitate China's civil war, and heavily involved in espionage for the US government. I have seen Citibank documents listing the location and movement of aircraft and troops which were regularly forwarded to the US Embassy or other officials. The record indicates that the US government was not only aware of Citibank's criminal activity but used Citi as a direct tool to implement many of its anti-China policies, and in fact Citi could not have succeeded in its crimes without the active assistance of the US government and military. For one thing, Citibank's loot was shipped out of the country on US warships.

US Gold Purchase Act of 1933

Forbidding the Hoarding of Gold Coin, Gold Bullion and Gold Certificates



Saint Gaudens Double Eagle

to protect and insulate the US and the dollar (and the banking cabal that controlled the White House) from inter-war monetary instabilities, the probability of the international economic order disintegrating into chaos as a result was not a concern. **This was not the first, and would not be the last time, the US would use its privileged financial position to avoid domestic pain by wreaking economic havoc on the world.** But this was only part of the plan; the other part was soon to come.

US Silver Purchase Act of 1934



Steve Hanke, an Economics Professor Johns Hopkins University in Baltimore, wrote a good article on this topic in the November, 2010 issue of *Globe Asia*, titled, **"America's Plan to Destabilise China – Currency: The Secret Weapon"**. It is available online and worth reading. (19)

On August 9, 1934, President Roosevelt implemented yet another Executive Order, this time number 6814, called The Silver Purchase Act (20) (20a), that specified essentially two things. One, the seizure of all silver in the US, and two, a huge program to purchase silver on the open market at almost three times the then current market price. From any rational standpoint, this action was bizarre.

On a spurious pretense of being under pressure from domestic silver producers (who were not suffering at all), Roosevelt defied overwhelming criticism from every side by enforcing this act which directed the Treasury (or the FED) to purchase silver at a price of at least US\$1.29 per ounce, which was nearly three times the then market price of 45 cents. The

US government did indeed nationalise the US silver stocks, but by purchasing that silver from Americans at the old price of \$0.45. Only after that did the Treasury offer to purchase silver at the much higher price. This action vacuumed up billions of scarce government funds at the depth of the Great Depression when most Americans were struggling to survive and avoid starvation and bankruptcy. The people paid an enormous price for a policy of no apparent benefit to anyone. Silver producers benefitted marginally and temporarily, but the entire industry employed only a few thousand people, so this massive program was definitely not intended for them, regardless of the propaganda narrative.

But there's more to the bizarre nature of this Silver Purchase policy. The legislation primarily authorised the Treasury and the FED to purchase silver "from foreign countries" on the open market – on the New York Futures Exchange. But that never occurred. Nor would it. All we need to do is think. Not even a crazy person would spend money buying something at \$1.29 when that commodity was widely available on world markets everywhere at \$0.45. So, what really was driving this new policy?

Well, aside from the nonsensical and clearly fabricated story of helping non-struggling domestic silver producers, there was another charitable intent – to "help" China, a plan that had been several years in the making. As Steve Hanke noted:

"... China was on the silver standard. Silver interests asserted that higher silver prices – which would bring with them an appreciation of the yuan against the US dollar – would benefit the Chinese by increasing their purchasing power. As a special committee of the US Senate reported in 1932: "Silver is the measure of their wealth and purchasing power; it serves as a reserve, their bank account. This is wealth that enables such peoples to purchase our exports."

To this time, China had been on a silver standard for its currency for hundreds of years, the only currency in the world fully backed by precious metal, and responsible for creating a solid and stable economic base. **It was for this reason that China managed to escape altogether the Great Depression that was ravaging the rest of the world.** The American silver policy of course dealt a devastating blow to this centuries-old stability **because the Americans were not purchasing silver from foreign countries on the open market, but only in China through the American banks like Citibank, Morgan and Chase. These US agents offered Chinese three times the market price for their silver, naturally resulting in a flood of silver flowing into these banks and from there to be shipped to the US.**

The first effect, of course, was that the exchange rate between the US dollar and the Chinese currency collapsed. The high silver price did indeed make imports cheaper but the country's exports totally collapsed and the GDP plunged almost instantly by about 25%. The second result was that the flood of silver attracted to the American banks was immediately shipped out of China, eventually destroying the silver-standard backing for China's currency, which destroyed China's financial system and left the economy in chaos. Massive deflation ensued that destroyed the agricultural sector and left millions of farmers

and peasants suddenly destitute. Even worse, most businesses carried silver-backed debt that would now have to be repaid at three times the price; of course, no businesses had the cash flow to service such obligations and countless tens of thousands of them went bankrupt, collapsing the job market. China's total financial system was also on the brink of collapse, all of which served to suddenly dump China into the middle of the Great Depression, eliminating decades of painful effort to rebuild the nation after a century or more of plundering by the West. At that point, China had no choice but to abandon the silver standard and adopt a paper currency.



T.V. Soong (1891-1971), President of the Republic of China (1930), businessman and financier, Washington, 1940.

China did of course attempt to implement severe export controls on silver but these were largely unsuccessful because most silver was smuggled out of China through the US banks – Citibank, J. P. Morgan and Chase – who were immune from Chinese export regulations and who had at hand the services of the US military with its warships to transfer silver out of China without effective challenge.

Hanke again:

"In an attempt to secure relief from the economic hardships imposed by US silver policies, China sought modifications in the US Treasury's silver purchase programme. But its pleas fell on deaf ears. After many evasive replies, the Roosevelt Administration finally indicated on October 12, 1934 that it was merely carrying out a policy mandated by the US Congress. Things didn't work as Washington advertised. **It worked as "planned", however.** As the dollar price of silver shot up, the yuan appreciated against the dollar. **In consequence, China was thrown into the jaws of the Great Depression.**

One compassionate author wrote, "What economic folly – and lack of statesmanship, one might say – it was to prioritize the well-being of 5,000 people [silver producers] at the expense of the American public and the 450 million Chinese who did nothing to invite this misery. Needless to say, the silver purchase bill was bad economics. But it was bad politics as well. The damage it caused extended far beyond the economic sphere. It spilled over into US-China relations." Laudable sentiments, but quite naïve.

So, who gained? The American banks and the cabal of European bankers who controlled the White House and the world economy. China's economy was growing and the country was emerging in strength beyond the ability of the bankers to restrain it, so something had to be done to maintain the income disparity between the Empire and the peasants. **The Grand Prize was the permanent destruction of China's silver-backed currency and the setting back of China's economic progress by perhaps twenty years.** US silver producers profited for a short time, but the American people lost heavily when their government wasted billions of dollars to collapse China's economy instead of rebuilding America's, this policy probably extending the depression by years. Perhaps the only good result was that this fiasco contributed in a major way to the collapse of public confidence in Chiang Kai-Shek and his US-supported Nationalist government, paving the way for Mao to take over and kick all the foreigners out of China.

I find it distressing that even today the standard narrative in all the American history and economics textbooks begins with, "Although the Silver Purchase Act was intended primarily as a commodity support program for silver producers in the United States ..."

To add some additional context to this, Chiang Kai-Shek's Nationalist government was still in control of China during this period, with the heavy support of the US government and military and, while the US government was working to destroy China's economy from the outside, the American-educated and (I would have to say) American-loyal, **T. V. Soong was helping Chiang to destroy China from the inside.** I frankly doubt Chiang had much of an understanding of economics or much else, but Soong was brilliant and, with his guidance, Chiang quickly managed to nationalise all Chinese banking, then operate the government almost entirely on debt, thus running the economy into the ground. And it

was Soong who, in 1928, founded the "State Bank of the Republic of China", a new foreign-owned Chinese Central Bank that was patterned on the US FED. It was also Soong who failed to react to the Americans' Silver Purchase program, who then adopted a paper currency, and forced all Chinese to surrender their silver to Chiang's new Central Bank – a bank which, conveniently, was exempt from silver export restrictions. **One could conclude that both Chiang and Soong were involved in exporting their own country's silver to the US, all in keeping with the American plan for China.** It was this partnership that finally sealed the doom of Chiang's government while nearly destroying China in the process. **But again, it was this that paved the way for Mao to gain overwhelming support and wrest control of the country from (primarily) the Americans and place it back in the hands of the Chinese people.**



I would add that **Soong was brilliant enough to understand precisely what was happening, and capable enough to have stopped it if he had cared to do so.** I have not fully researched Soong, but my feeling at the moment is that he was essentially an American agent working on the inside. Certainly, the man was not so stupid as to not understand the results of his own actions in assisting Chiang with the adoption of a paper fiat currency and a collection of bankrupt national banks that resorted to printing money as a replacement for revenue. Chiang's Nationalist government printed so much currency that money depreciated by a factor of more than 1,000, a devastating hyper-inflation all under Soong's watchful eye. It was so bad that government currency printing presses were unable to maintain the necessary pace, and Chinese currency was being printed in England and flown into China over the Himalayas in US military C-47 aircraft.

Just so it doesn't go unsaid, **the US was attempting something similar in the period after 2005, producing for a decade an almost overwhelming amount of media noise and political pressure to force another massive upward revaluation of the RMB, on the fraudulent basis that the Chinese currency was "at least 25% to 40% undervalued". Had China acceded to this pressure, the country would have plummeted into the depths of yet another severe depression – which was the plan.**

God Save the Queen



On June 2, 1953, Queen Elizabeth II was crowned on the British throne. Source

This is a little-known and never-discussed part of US history, but yet one of the major factors that propelled the US to its overwhelming manufacturing and economic supremacy after the Second World War. It involves the final destruction of the British Empire, for which no thinking person would have regrets, and also the conditions obtaining after the end of World War II. **The First World War caused Britain to lose about 40% of its former Empire and wealth, and the Second World War completed this task, but not without the little-known predatory intercession of America.**

During the Second War, Britain needed huge volumes of supplies of food, raw materials, manufactured goods, armaments and military hardware. But Britain's factories were being destroyed by the war, and in any case lacked sufficient productive capacity. Britain also increasingly lacked money to pay for those goods, its solution being to purchase on credit from its colonies. **Canada, India, Australia, South Africa, and many other nations supplied England with necessary goods and war materials, on promise of future payment.** The plan was that after the War ended, Britain would repay these debts with manufactured goods which a rebuilt Britain would be able to supply. These debts were recorded in the then British currency of Pounds Sterling, and maintained on ledgers in the Bank of England, commonly referred to as **"The Sterling Balances"**.

After the Second War ended, the US was the world's only major economy that had not been bombed to rubble, a nation with all its factories intact, and able to operate at full capacity producing almost everything the world needed. The US had enormous capacity to supply, but the many countries of the British Empire, whose economies were in sound condition and had money to pay, were refusing to buy from the US since they were waiting for the UK to rebuild and repay the outstanding debts with manufactured goods. The US government and corporations realised that this enormous market consisting of so many of the world's nations, would remain closed to it for perhaps decades, **that it would have little or no commercial success in any part of the former British Empire so long as those Sterling Balances remained on the ledgers in the Bank of England.** And this is one place where the true nature of America comes into sharp focus, an incident which serves better than many to illustrate the story of American "fair play" and of the US creating "a level playing field".

At the end of the war, Britain, physically devastated and financially bankrupt, lacked factories to produce goods for rebuilding, the materials to rebuild the factories or purchase the machines to fill them, or with the money to pay for any of it. **Britain's situation was so dire, the government sent the economist John Maynard Keynes with a delegation to the US to beg for financial assistance, claiming that Britain was facing a "financial Dunkirk".** The Americans were willing to do so, on one condition: They would supply Britain with the financing, goods and materials to rebuild itself, but dictated that Britain must first eliminate those Sterling Balances by repudiating all its debts to its colonies. The alternative was to receive neither assistance nor credit from the US. Britain, impoverished and in debt, with no natural resources and no credit or ability to pay, had little choice but to capitulate. And of course, with all receivables cancelled and since the US could produce today, those colonial nations had no further reason for refusing manufactured goods from the US. The strategy was successful. **By the time Britain rebuilt itself, the US had more or less captured all of Britain's former colonial markets, and for some time after the war's end the US was manufacturing more than 50% of everything produced in the world. And that was the end of the British Empire, and the beginning of the last stage of America's rise.**

Americans have been brainwashed and propagandised into believing that their country selflessly supported the European war effort, and generously planned and financed the entire rebuilding of all of war-ravaged Europe. Their heads are full of 'lend-lease', the "Marshall Plan" and much more. But here we have three silent truths: One is that the US assisted Europe and the UK primarily because it needed markets for its goods, just as Henry Ford raised the salaries of his employees so they could afford to purchase his cars. US corporations found little purchasing power in the European nations that were now largely destroyed and bankrupt, and without these markets the US economy would also have crashed. **It was commercial self-interest rather than compassion or charity that prompted the US financial assistance to the UK and Europe.** All the US did was provide large-scale consumer financing for the products of its own corporations, with most of the 'financing' never leaving the US. The Marshall Plan was mostly a welfare program for American multinationals. The second truth is that Europe and England paid heavily for this financial assistance. **It was only in 2006 that Britain finally paid the last installment on the loans made to it by the US in 1945. The third is that the post-war financing of Europe was not primarily for reconstruction but as the foundation for an overwhelming political control that has largely persisted to this day.** Funds from the American's vaunted Marshall Plan were spent more to finance **Operation Gladio** than European reconstruction.



Operation Gladio: Hard Evidence of Government Sponsored False Flag Terrorism

As **William Blum** so well noted in one of his articles, the US was far more interested in sabotaging the political left in Europe than in reconstruction, and Marshall Plan funds were siphoned off to finance political victories for the far right, as well for the violent terrorist program known as Operation Gladio. He also correctly mentioned that the CIA skimmed off substantial amounts to fund covert journalism and propaganda, one of the conduits being the Ford Foundation. As well, the US exercised enormous economic and political restrictions on recipient countries as conditions for the receipt of funds, most being used to help re-entrench the European bankers and elites in their positions of economic and political power (after a war that they themselves instigated) rather than to assist in reconstruction. In the end, the Europeans could have done as well without this so-called 'assistance' from the US, and Europe would have been far better and more independent today had they refused the offer. **The conviction of most Americans that their nation 'rebuilt' Europe is pure historical mythology created by propaganda and supported by ignorance.**

My Currency, But Your Problem



There was yet another factor that helped lead the US to its powerful international position, and this was again partly an accident of fate and partly the American predatory quest for worldwide supremacy and domination – **the Dollar as the world's Reserve Currency**. A reserve currency is simply one which nations commonly hold in their central banks for the payment of international debts resulting from trade and investment. In order to function as a reserve currency, there must be an adequate supply of this money for all who need it, the currency must be easy to buy and sell, it should be stable, and of course nations must have some confidence in the country issuing it. Canada might have done as well, or Australia, or Switzerland, but these are relatively small economies with only a small volume of currency available, certainly not sufficient to fuel the world's trade. The European currencies were neither stable nor of much value after the war, and the level of confidence in them was small.

The US Dollar, however, filled these criteria rather well. **After the end of the Second War, the world's major nations arranged what we call the "Gold Standard", which meant that a country could not print more money than it actually had in gold reserves. This was intended to maintain stability and to avoid any excess printing of money which would lead to inflation and could destroy the international monetary system – as had occurred in the past.** In theory, all international debts were to be settled in gold, but in practice this was cumbersome and inconvenient. Since the US dollar existed in large volume and was – in theory – fully guaranteed to be exchangeable for gold at any time, all nations simply settled their accounts in US dollars. But the faith in doing so was predicated on the promise that any nation could, at any time, exchange its holdings of US dollars for real gold.

The system worked well enough for about 20 years, until by early 1971 the US was under enormous financial pressure from the huge sums it had borrowed to finance its military atrocity in Vietnam. The final straw came when France, not blind to what was happening, and concerned about the ability of the US to maintain the dollar's value, insisted on exchanging all its dollar holdings for gold, as per the agreement. The US gold supply was insufficient to comply, and the US faced the very real possibility of all nations demanding an exchange. **Faced with this pressure, the US unilaterally declared the world's financial agreement null and void, withdrew from its participation in the gold standard, refused to convert any nation's foreign dollar holdings into gold, and left all the world's countries holding countless billions of US dollars that no longer had any fixed or guaranteed value, but that were sure to depreciate since the US was indeed printing enormous volumes of dollars to finance its Vietnam war.** At the time, **US Treasury Secretary John Connally** told the world, **"It's our currency but it's your problem".**

Since all nations had accumulated US dollars on good faith but now had no way to dispose of them, they had no choice but to continue using the same US dollar, now of indeterminate value, for all international transactions. This one act of American predatory capitalism imposed a stunning financial penalty upon the world, devastating the values of other nations' currency reserves. After reneging on the Gold Standard (the Bretton Woods Agreement), the US continued to print huge volumes of money, sending the Western world into an inflationary spiral. From the date of the US default in 1971 to 1981 or 1982, the US dollar depreciated by more than 95%, representing an almost unimaginably huge transfer of wealth from the entire world to the US treasury because all nations holding US

dollars suffered that degree of loss in their foreign exchange reserves while US debts remained in heavily-depreciated US dollars, thereby repaying foreign debt at 5¢ on the dollar. In 1971, a fine home in the US cost only \$25,000. By 1976, that same home was over \$100,000, and by 1983 the price was about \$250,000. **These prices accurately represent the depreciation of the US dollar during that decade.**

Having an international reserve currency bestows significant financial advantages on a nation, and the US has been quite adept at taking advantage of these. The necessary international demand for the dollar permits the US to borrow at lower rates and finance larger deficits for longer. The US, unlike other nations, is able to borrow and repay in its own currency rather than in a foreign one like most other nations. The US therefore can – and often does – shift to its creditors and other nations the losses from a fall in the dollar's value. With commodities like oil priced in US dollars, the US – unlike other nations – never experiences fluctuations and rises in the prices of these imports. Another advantage is that the US can, and often does, manipulate the exchange rate of the dollar and can, and often does, use this as a political pressure tool to save itself economic pain while inflicting severe damage to world economies.

Since the 2008 financial crisis, the US FED has again 'printed' trillions of dollars in a claimed attempt to boost the US economy. But those dollars have no use in a battered US economy, so the bankers and large multinationals take advantage of that free money and transfer it to countries like China and Brazil whose economies are solid and stable. However, once in a foreign country and converted to local currency, this vast supply of dollars does not sit idle. It is placed into the local stock and financial markets, and into domestic real estate. **And of course, this enormous flood of buying creates bubbles in both the financial and real estate markets, creating massive profits for the US bankers and a few others, while totally destabilising these other national economies and creating much local hardship, especially for local homebuyers.**

The immediate effects are enormous pressure on the foreign exchange rates of these domestic currencies, local stock market bubbles, rapidly rising real estate prices and great inflationary pressure. Brazil's Real experienced a 30% increase, for example, and China's RMB was put under great pressure, which was why China re-linked the RMB to the US dollar when the US began its QE process. And of course, at some point these US bankers will simply sell off their holdings to take their profits and return home, crashing local markets and leaving financially devastated local economies. The end result is to provide US banks an opportunity to make obscene profits at the expense of foreign countries, and to pass the pain of its economic readjustments to the rest of the world. This is simply a process of the US using its currency as a colonial tool to plunder other weaker nations, and as just one more weapon in its quest for world domination. It should be noted that this process does not benefit the US in any measurable sense but instead creates hundreds of billions in profits for the Jewish-owned FED and the international investment banks that are also primarily Jewish-owned. It is therefore not inappropriate to question the reason the US is such a willing participant in these vast frauds though, in fairness, the US government has no control whatever over the FED, which means the bankers launch these economic wars entirely on their own initiative while using the US dollar as their "banker's army".

As a result of the US FED's QE, China's economy experienced a strong inflationary surge to which the government was forced to respond, and the nation's real estate markets were under sufficient constant pressure that the government was forced to take strong action to curb the excessive demand. China handled these challenges better than any other nation, by restricting the inbound flow of 'hot money' and by controlling the exchange rate of the RMB, thereby preventing the financial plundering that Brazil experienced. The FED, the investment banks and the US media, all Jewish-owned, condemned China for taking action to protect itself and having deprived them of hundreds of billions in additional profits with the related additional pleasure of destroying China's economy. **Of course, the US is perfectly aware of the consequences of its actions, and it is difficult to avoid the conclusion that one reason for US resentment of China's currency management is that it in fact prevents the US from destroying China's economy.**

There is a perspective on the US dollar from the point of view of people who have some and don't want them. It is only international demand from using the US dollar as the international trade currency – especially for oil – that maintains the value of this increasingly shaky money. If the dollar were to fall dramatically in value, the US economy would quickly collapse, so maintaining the international value is seriously necessary for the Americans. **It was for this reason that during the first OPEC oil shock of 1971 the US told the oil-producing nations that it would finally agree to pay the new higher world oil price, but only on condition that OPEC oil would be priced only in US dollars and that the OPEC nations would accept only US dollars in payment.** They further informed OPEC that if any nation reneged on this portion of the agreement, the US would consider it **"an act of war"**. This artificial worldwide demand for the dollar is the only thing that has so far saved the US from extinction.

The current US M1 money supply is around \$2.5 trillion, but there are many more dollars floating around the world outside the US than this paltry number, China having more than this amount by itself. The total is unknown, but it is certainly many times the US domestic money supply. If the time should come when the world no longer wants these many trillions of depreciating pieces of green paper and sends them home where they belong, the US money supply would multiply many times, leading to what we know as hyperinflation, resulting in American pensioners taking their wheelbarrows of money to the grocery store to spend them before they depreciate further. **When this happens, and it will, the US will quickly join the Third World and become the world's richest banana republic.** A well-deserved fate, I would add. Have you ever played the game called Musical Chairs? The music begins to play and everyone stands up and begins to walk in a circle. When the music stops – and nobody knows when it will stop – everyone quickly sits down, and the one person who has no chair loses the game. This is the situation today with the US dollar: everybody knows the music will stop but nobody knows when, and nobody wants to be that last person holding those US dollars when the music does finally stop.

The World Bank and the IMF



Yet another area by which the US has become such a wealthy nation is the international financial institutions. One of the most insidious instruments of colonisation and empire is the IMF which is totally under the control of the US and a few Western nations. **IMF reforms require an 85% majority, but the US conveniently controls 17% of the vote, giving it an absolute veto over all reforms, especially to reductions of Western imperial power.** Other colonial efforts are accomplished through the financial machinations of the World Bank and the international Jewish bankers like the Rothschilds, who make unrepayable loans then seize basic infrastructure and millions of acres of land in compensation. **Nations weak enough to capitulate to these demands, and there are many of them, are doomed to perpetual poverty and slavery in the worst colonial tradition.**

One of the more recent victims was Greece who, having gotten itself deeply into debt and lacking the courage to leave the Euro and revert to its own currency, instead capitulated to the Rothschilds and other bankers who deprived it of all its national assets. In return for interim financing to stave off bankruptcy, Greece was forced to place all its physical infrastructure holdings, including ports, communications, airports, transportation, all state-owned enterprises and more, into a trust which was "entirely outside all influence of the Greek government". Control of this trust was of course in the hands of those same bankers, who would now determine appropriate selling prices by which they would distribute these same assets to themselves. Today, Greece's only significant asset is its ability to tax its citizens, which taxes are already spent for the next 40 years to repay the loans to the bankers. **The Greek government now has only two functions: one, to collect taxes, and two, to maintain social order by whatever means necessary in order that the taxes can continue to be collected and paid to the bankers.** Greece has virtually ceased to exist as a sovereign nation, and there are many others like it.

It has long been recognised in the developing world that institutions like the IMF and the World Bank are simply one of the means by which the Western powers control their

colonies. The financial policies forced onto developing nations in return for financial assistance, are precisely those which will inflict the maximum colonial stranglehold to prevent these nations from any possible economic or social progress. They are simply instruments of Imperial financial power, flying moralistic flags of free-market liberalisation while plundering the victims. Under a new international regime of political and financial dependence coupled with a constant military threat, undeveloped nations continue to be exploited by the West in the framework of an international capitalist system, "where it is virtually impossible for any country to disassociate itself from the overall structure". **Joseph Stiglitz**, the Nobel prize-winning economist and dissident former chief economist at the World Bank, describes it as having **"brought disaster to Russia and Argentina and leaves a trail of devastated developing economies in its wake"**. **The World Bank and the IMF were primarily designed to plunder the developing world on behalf of the US and European ruling class.** World Bank development projects often destroy local culture and environment while providing infrastructure almost free of charge for the further profit of US-based MNCs. **IMF-mandated financial measures force the abandonment of health, education and social programs and allow public assets such as infrastructure to be acquired by American-based multinationals or international bankers for a fraction of their true worth.** "The net effect of all this is that, contrary to the carefully nurtured myth, developing nations have transferred far more wealth to the US than has been transferred to them, and that, of course, is the whole idea."

In his article *Empire of Capital*, **George Monbiot** made appropriate points when he noted that these institutions and the large powers that control them forced Asian nations to liberalise their currencies only so that Jewish financial speculators like George Soros, Goldman Sachs, and the European bankers could attack them. Americans read about the "Asian financial crisis" presented as some accidental act of God, without being told that it was deliberately planned and executed. **All prescriptions from the IMF are intended to drain developing nations and maintain income disparity.** They are instruments of financial power for the rich Westerners, who did not end their colonial controls until they had established other means of subjugation. **William Blum** stated the situation precisely when he wrote, **"It was under Reagan administration influence that the IMF and World Bank began widely imposing the policy package known as structural adjustment – featuring deregulation, privatization, emphasis on exports, cuts in social spending – that has plunged country after country in the developing world into economic destitution. The IMF chief at the time was cruelly honest about what was to come, saying in 1981 that, for low-income countries, 'adjustment is particularly costly in human terms'."**

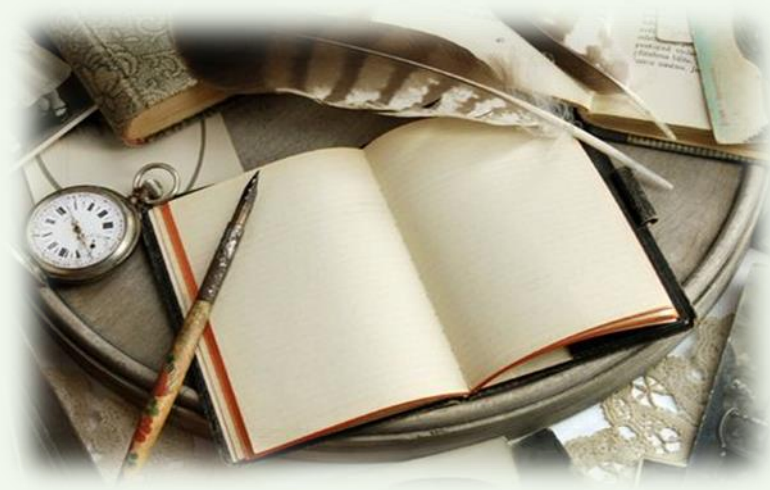
The policies of the World Bank and IMF are designed to have a high failure rate, leaving nations with perpetual debt and a steady transfer of wealth out of the Third World to the Western bankers. **Despite claims of assisting development and alleviating poverty, these institutions typically do the opposite, and in almost every case they force nations to reduce all social and government services, restrict education and health care, and generally force poor nations into perpetual ignorance and poverty.** The money lent to these poor nations must almost all be spent in the US or another Western nation, essentially operating as a corporate welfare program for firms like Bechtel, Halliburton and Brown and Root, leaving these companies with the money, and small nations with failed projects and unrepayable debt. **James Corbett** wrote of the World Bank, "This process was described most famously by former insider and self-described "economic hitman" **John Perkins**, who wrote his **"Confessions of an**

Economic Hitman” to shed light on the means by which **the seemingly benevolent IMF/World Bank system is used to oppress and plunder the very populations it is designed to enrich.** According to Perkins:

“So how does the system work? We economic hitmen have many vehicles to make this happen, but perhaps the most common one is that we will identify a country – usually a developing country – that has resources our corporations covet, like oil, and then we arrange a huge loan to that country from the World Bank or one of its sister organizations. Now most everybody in our country believes that loan is going to help poor people. It isn’t. Most of the money never goes to the country. In fact, it goes to our own corporations. It goes to the Bechtels and the Halliburtons and the ones we all hear about, usually led by engineering firms, but a lot of other companies are brought in and they make fortunes off building the infrastructure projects in that country. Power plants, industrial parks, ports, those types of things. Things that don’t benefit the poor people at all; they’re not connected to the electrical grid, they don’t get the jobs in the industrial parks because they’re not educated enough. But they as a class are left holding a huge debt. **The country goes deep into debt in order to make this happen, and a few of its wealthy people get very rich in the process. They own the big industries that do benefit from the ports and the highways and the industrial parks and the electricity.** “The country is left holding this huge debt that it can’t possibly repay, so at some point we economic hitmen go back in and we say, ‘You know, you can’t pay your debts. You owe us a pound of flesh; you owe us a big favor. So, sell your oil real cheap to our oil companies, or vote with us on the next critical United Nations vote, or send troops in support of our to some place in the world like Iraq.’ And so, **we use this whole process as, first of all, a means for getting their money (money we loan them) to enrich our own corporations, and then to use the debt to enslave them.”**

In his book, **“The Globalization of Poverty and the New World Order,”** **Professor Michel Chossudovsky** of the University of Ottawa provides extensive documentation of precisely how this process has functioned over the years through the Structural Adjustment Loan and Sector Adjustment Loan programs at the World Bank’s disposal. This documentation includes details of the Bank’s oversight of the build-up of Rwanda’s military budget in the run-up to its bloody internal war of 1994, the Bank’s own admission of how its loan-dictated deregulation of Vietnam’s grain market led to widespread child malnutrition in the country, and the World Bank’s contribution (in conjunction with the IMF) to the unprecedented plundering of Russia that took place in the wake of the Soviet collapse. The World Bank, despite its friendly exterior and the lofty platitudes its proponents spout in its defense, continues to undergird a system of exploitation and debt enslavement of developing countries. For half a century, the Bank has been responsible for the furtherance of a Pax Americana built not upon peace, prosperity and free trade but violence, debt and enforced servitude.

NOTES



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Chapter 6 – Espionage and More



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State-Sponsored Commercial Espionage

Shamrock and Echelon

After digesting its massive theft of ideas, things and people from Paperclip following the end of World War II, the US wasted no time in designing and implementing the world's largest network of commercial espionage that has ever existed, and one which still exists in vastly expanded form today - as we saw from the revelations by Edward Snowden. Today, an astonishingly high percentage of the world's internet traffic passes through the US on its way to Europe or Asia; a similar situation existed with telegraphy and telephone at the end of World War II, a situation the US government immediately exploited to the full. With the full cooperation of RCA, ITT and Western Union - who transmitted almost all of the US telegraphic traffic - the NSA was provided with daily microfilm copies of every telegraph entering, leaving and passing through the United States. (1) (2) (3) (4) (5) (6) (7) (8) (9)



This was Project Shamrock, initiated in 1945 to access every telegraph message in a search for commercial intelligence that could help American firms be more "competitive" in international markets. The first intended target was of course Germany since that country had already demonstrated its vast superiority in science and development, but naturally the entire world quickly became a target, and Shamrock evolved into Echelon, doing the same things but on an almost infinitely larger and global scale. (10) (11) (12) (13) (14) (15) (16) (17) (18)



Echelon began with the UK spying on Russia and Eastern Europe, which plan eventually involved the US and then evolved into something called the "Five Eyes" network, which has been described as the most powerful espionage club in the world, a clandestine commercial intelligence collection and analysis network of astonishing proportion, engineered by the US, and involving Australia, Canada, New Zealand and the United Kingdom. The system is designed to intercept and inspect communication from commercial satellite transmissions as well as global telephone calls, faxes, e-mail, public switched telephone networks, most Internet traffic, microwave links, undersea cables, and other civilian telecommunications traffic. The purpose is to obtain access to commercially beneficial information that could create competitive advantages to large firms - mostly American, since Echelon's other members are not active in most industrial areas that concern the US.

The system is so sophisticated that it utilizes voice-print recognition to identify the speech patterns of targeted individuals making international telephone calls, and automatically decides which conversations to monitor. Its existence was at first hotly denied by the US but is no longer in doubt, nor is there any doubt that the continued purpose of the system is to intercept and monitor private and commercial communications, and not military traffic. In fact, Echelon's Management Committee recommended to the European Parliament that European citizens encrypt their communications because US intelligence agencies were conducting economic espionage with the system.

Today, Echelon attempts to intercept and monitor every communications transaction transmitted by satellite, undersea cables, fiber optic, telephone lines, microwave and more, spying on every nation and, if possible, on every person, on earth. Moreover, it sorts and stores all this information in perpetuity, in the world's largest database located in the American desert, in Bluffdale, Utah. This is state-sponsored commercial espionage on a global scale, intended primarily to benefit US multinational corporations in their quest for global dominance.

Echelon was initially revealed to the world in 1988 by a British journalist named Duncan Campbell, but the mainstream media refused to give him the microphone and his discovery

came to naught. About ten years later, a New Zealand journalist named Nicky Hager wrote a book that should have caused an enormous international outrage but again he too failed to get control of the microphone. It was only the more recent and detailed revelations by Edward Snowden that finally lifted the lid on this international cockroach nest. In all three cases, the commercial aspects of Echelon were clearly outlined yet the US government managed to sabotage the publicity by claiming all espionage was to prevent terrorism.



The distinctive radomes on Menwith Hill in North Yorkshire, 1996

Photo: John Carter/ANL/REX Shutterstock

Shamrock and Echelon programs were designed more than 50 years ago for the sole purpose of industrial espionage, and Echelon continues today in vastly expanded form. When Shamrock first morphed into Echelon, communications technology was more primitive than today but the Americans nevertheless accomplished quite a lot with the few tools in their possession - and with the large numbers of German scientists in their captivity. There are literally hundreds of documented reports going back to the 1970s and 1980s when most of the telecom equipment was made in the US and was designed to accommodate American espionage efforts. In addition to finding ways to tap into all transatlantic cables and copying every telegram, the Americans finally displayed some of their renowned native innovation and creativity. For one, all fax machines and most large office copiers (at least those made by Xerox) came out of the factory "espionage-ready", with back doors and instructions to forward all content to an Echelon receiving site. (19) (20) (21) There are also hundreds of documented reports of the CIA installing "spy-ready" Xerox printers in all the foreign embassies in the US, and of Motorola producing telecom networks with back doors into the US Echelon system, and installing them worldwide. When the US government claims to collect only data related to terrorism, that is a lie of enormous magnitude.

These processes have never abated but instead have become more clever and difficult to detect. It should be noted that Europe, and specifically Germany, is not a part of this network but is instead a victim. The reason we have the "Five Eyes" is that none of the

other four (excepting the US) is a manufacturing nation and therefore (1) present no commercial threats to the US, (2) serve as useful puppet gathering posts with no benefit to themselves and, (3) serve as a very clever law-breaking mechanism by sharing the collected information with each other in order to circumvent restrictive domestic regulations on surveillance of citizens. If that isn't clear, by law I cannot spy on my own countrymen so I instead spy on yours and share the information with you. You reciprocate, and neither of us have violated domestic law. (22) (23) (24) (25) (26)

Ever since the end of World War II, the US government has used the CIA, the FBI and the NSA to conduct commercial espionage on a world-wide basis, intended to aid the competitiveness of US industry, and done so with a great deal more imagination than was reflected in the revelations by **Edward Snowden**. As time passed and the Cold War appeared to be ending, the US intelligence agencies needed a new purpose, and so the US government redirected them to state-sponsored commercial espionage as an offensive measure designed to perpetuate the then-existing US commercial supremacy by ensuring the potential theft of every new commercial idea from anywhere in the world. **Gerald Burke**, who served as Executive Director of President Nixon's Foreign Intelligence Advisory Board, claims that commercial espionage was endorsed by the US Government as early as 1970. He is quoted as saying: "By and large, we recommended that, henceforth, economic intelligence be considered a function of US national security, (with) a priority equivalent to diplomatic, military and technological intelligence." Immediately after coming to office in January 1993, President Clinton added to the corporate espionage machine by creating the National Economic Council, which feeds stolen commercial intelligence to selected companies to enhance US "competitiveness".

Another official said, "US intelligence collection is not tasked by US corporations. It's tasked by the government. However, communications intelligence is passed through channels to agencies, including the Department of Commerce and the White House, among others. There is a formal channel for passing communications intelligence data to companies." He stated that "evidence of economic intelligence funneling can be found in public reports, including a 1996 Baltimore Sun article that reported that the Commerce Department routinely passed such information to select American corporate executives". We can therefore safely put aside disclaimers from the US government that it does only "good" spying related to terrorism while countries like China do "bad" spying to steal commercial secrets.

When Edward Snowden revealed the extent of the NSA worldwide intelligence collection network, many US officials tried their best to deflect criticism by claiming they collected only information related to terrorism, whereas China, unlike the saintly US, was collecting commercial intelligence. But then several countries including Germany and Brazil, went public with the information that the NSA had in fact penetrated many of their commercial establishments and had been stealing industrial technology and secrets. Having been slapped so hard and so publicly, the Americans finally went silent, but there was no indication of shame or embarrassment, just a thief's normal regret at having been caught.

The US is not the only nation engaging in this activity. According to **Robert Gates**, a former CIA Director, **there are about 20 countries that engage in state-sponsored economic espionage in the US.** The worst offender is Israel, followed by France, Russia and Britain. China is not high on this list. One of the more famous cases involving France was the discovery that **France's spy agency, the DGSE**, had placed bugs in all the first-class cabins of Air France aircraft, for the purpose of recording conversations between travelling business men. Just so it doesn't go unsaid, that 20-country list was prepared by the Americans, so it's not a surprise they don't appear at the top.

I would note here that there are also a great many American so-called "research" and other companies in China, some of which are primarily active in lobbying for US government interests, but many others are in fact intelligence operations, used to collect useful military and commercial information. **Many of these are US multinationals like Coca-Cola, whose executives collect anything from market to political information and whose drivers appear adept at collecting militarily-useful GPS coordinates.** American news reporters are another source. Almost all are heavily dependent on the US government or the CIA for funding, to the extent of billions of dollars in total. More later.

Some ECHELON Examples



Enercon presents its new E-175 EP5 wind turbines. Source

There are many cases of industrial espionage and/or competitive intelligence which have been reported in various media. Often, the CIA, the NSA, the US Department of Commerce, the US State Department, American embassies, and other US agencies act as a coordinated team.

The US has for years regretted the fact that its wind and solar energy technologies were far behind those of China and Germany, so when the German firm Enercon produced a new wind turbine with compellingly attractive technical and competitive features the CIA and NSA went into combined action. The CIA illegally acquired all the technical information on this new product, while the NSA hacked into the systems and acquired the codes needed to enter and shut down Enercon wind generators so the technology and software could be copied. (27) (28) (29) (30) The two agencies then patriotically delivered all the collected information to an American firm, Kenetech, who then filed for US patents on the product, software and systems. Enercon, the German firm that invented this technology, was then prohibited from exporting its own wind turbines to the US, and was sued in US courts by the US company Kenetech for breach of patent rights (on its own products!) on the grounds that Enercon (the German company) had obtained commercial secrets illegally! (31) (32) (33) As President Obama has so frequently told us, "If the playing field is level, America will always win".

Then, to complete the leveling of the playing field which the Americans so much admire, the US government arranged to have a federal grand jury charged China-based Sinovel and two of its senior executives for allegedly stealing wind turbine software source code from a US engineering firm. (34) (35) In fact, the Chinese firm had a clear contractual right to use and amend the source code in question, but the US Commerce Department strongly supported the charade since the legal intimidation of a grand jury is powerful, and raising an adequate defense even in conditions of clear innocence requires an enormous expense in funds and management time, sufficient to slow China down.

Volkswagen accidentally discovered a large array of microphones and infrared cameras on its property, hidden in places from board rooms to lawn grass, that were transmitting images, technical specifications and information about new VW autos. Volkswagen discovered that their executive videoconferences had been recorded, including conversations on new products, price lists, secret plans for new auto plants, and plans for an especially attractive new small car. All of this information was tracked to the NSA, who had already forwarded all of it to General Motors and its Opel subsidiary in Germany. Volkswagen claimed this one act of espionage and the passing of information to its American competitors had caused losses of hundreds of millions of dollars. And Volkswagen can do nothing, still subject to the forced agreement that "Germany shall in the future raise no objections against the measures which have been, or will be, carried out with regard to German assets ...". "If the playing field is level, America will always win".

Japanese auto makers fared no better. At the request of the US president, the CIA spied on Japanese auto manufacturers, intercepting and recording information on their design plans for zero-emission cars, forwarding that information to US car manufacturers Ford, General Motors and Chrysler. The New York Times reported that the NSA and the CIA's Tokyo station were involved in providing detailed information to US Trade negotiators in Geneva, facing Japanese car companies in a trade dispute. The Japanese accused the NSA of continuing to monitor the communications of Japanese companies on behalf of American companies. The CIA also hacked into the computer system of the Japanese Trade Ministry while that country was negotiating with the US on import limitations for Japanese cars. Having learned the Japanese position, the US was able to demand much lower auto import quotas than it had anticipated.

With the ECHELON program still in full force, spying on, and hacking into, foreign government departments is a specialty of the NSA and CIA, whether those governments are friends or enemies. (36) (37) Some years ago, the NSA intercepted faxes and telephone calls concerning purchase negotiations between Airbus and the Saudi Arabian national airline. After forwarding this information to Airbus's US competitors, Boeing and McDonnell-Douglas, the Americans won the \$6 billion contract.

The Brazilian government awarded the French firm Thomson-Alcatel a major multi-billion-dollar contract for the satellite monitoring of the Amazon Basin. After the CIA and NSA intercepted government communications relating to the contract, the US had enough information to exert extreme pressure on Brazil to renege on the agreement, and the contract was then awarded to the US firm Raytheon. (38) (39) (40) (41) (42) (43) (44) In a similar case, the NSA intercepted messages about an impending \$200 million deal between Indonesia and the Japanese satellite manufacturer NEC Corp. After US intervention on behalf of American manufacturers, the contract was split between NEC and AT&T.

In another major case, the US President ordered the NSA and FBI to mount a massive surveillance operation at an Asia-Pacific Economic Cooperation (APEC) conference, to be held in Seattle. One intelligence source for the story related that over 300 hotel rooms had been bugged for the event. The effort was designed to obtain information regarding Asian oil and hydro-electric deals, with all information then passed on to high-level US government officials connected to American companies competing for the contracts.

Bribery is related to this category of acquiring wealth by stealth. The US is famous for its hypocrisy in condemning any foreign nation or corporation clumsy enough to be caught offering bribes, but it has a long history of paying bribes to obtain commercial contracts for its multinationals. Commercial and military aircraft constitute one area where the US has been especially active, having for one example paid substantial bribes to at least Italy, Belgium and Germany to purchase the US-based Lockheed F-104 aircraft, and bribes on behalf of Boeing are no longer news. Also, we have been told of many claims of US state-sponsored bribery in the cause of US firms. Often a nation is promised political or diplomatic benefits if it supports the free rampaging of US multinationals such as banks, in a domestic market. Much of this falls into the category of state-sponsored extortion, a category in which the US excels.

Protecting One's Way to Prosperity



This is yet another major factor contributing to US economic domination, a process it still heavily indulges in today while condemning other nations for sins that are infinitely smaller. Protectionism is the policy of using the power of government regulations to discourage imports and prevent foreign take-overs of domestic markets and companies, using duties and taxes on imported goods, import quotas, as well as clever trade policies, bureaucracy, political pressure and a host of other methods. It is true there are occasions when a nation may have good and valid reasons to protect its industries and markets from predatory behavior by foreign governments and corporations, but it is primarily the predator nations, most notably the US, who are also the most protectionist. When the fox goes out to steal your chickens, it is careful to protect those chickens it already has, from being stolen by someone else. **Protectionism is a talent with which America appears to have been unfairly and exceptionally well-endowed and for more than 200 years these commercial policies have been rampant in America, initiated by the US government to provide every advantage to its domestic industries.**

Protectionism in its native state consists of little more than corporate welfare programs, classic examples of special interest groups using the force of government to obtain private benefits at the expense of the population. US industry groups like steel, auto manufacturing, textile and electronics, agriculture, gain hugely from the help of their government in restricting foreign competition. This is almost always damaging and expensive to domestic consumers who inevitably lose from these measures. But in the US, with the media on the same page as the government and the large multinationals,

American consumers are usually unaware of what is being done to them. A typical example would be a tariff on foreign garments, which not only makes foreign goods more expensive but also permits domestic companies to substantially raise their prices now that they are free from competition. **With high tariffs to protect domestic manufacturers from lower-cost Chinese imports, 300 million Americans were paying \$20 more for a pair of blue jeans so that two or three influential domestic companies could earn an extra billion dollars in profits.**

In recent decades the US government maintained a constant media assault on China with complaints about low wages, an undervalued currency, product dumping, accusations of unfair subsidisation and other unspecified "cheating" by the Chinese, that produced China's low costs and which necessitated protectionist retaliation by the US. But magically, when American multinationals moved their production to China to take direct advantage of those same low costs, the US government immediately dropped its textile tariffs and began to praise low costs. **The obvious conclusion is that when Chinese firms export inexpensive blue jeans from China to the US, they do it because they are cheating and their currency is undervalued, but when American firms export inexpensive blue jeans from China into the US, the credit is due to American efficiency and ingenuity and the greatness of democracy.** It should be apparent to readers that the costs and currency are the same in both cases.

According to **Patrick Buchanan**,

"Behind a tariff wall . . . the United States had gone from an agrarian coastal republic to become the greatest industrial power the world had ever seen - in a single century. Such was the success of the policy called protectionism that is so disparaged today." (45)

Buchanan is at least partly correct in his statement. Certainly, US industrial success has been assisted immeasurably from the constant and pervasive protectionist measures the US government has inflicted on foreign goods from the very beginning of the Republic. Once industrialization started, the US quickly learned the benefits of protectionism and experimented with various forms and rationales, including the necessity to "protect US manufacturers from the low wages of Europe". Does that sound familiar? By the early 1800s, US import duties averaged more than 50%, and by 1900 trade tariffs had reached gigantic proportions and the US more or less abandoned any pretense that tariffs were to protect infant industries.

Perhaps in no other place were American protectionist measures so obviously predatory as in their military colonisation and plundering of undeveloped nations. When US firms extracted resources or raw materials from poorer countries, these products always entered the US duty-free. However, if any domestic companies of those nations attempted to export either raw materials or finished goods to the US, tariffs would be set at levels to preclude market entry, often reaching 50% to 80% and sometimes several hundred percent. However, the US used these colonies not only as a raw materials source but as

finished goods markets, in which case no country was permitted to levy import duties of more than perhaps 5% against American goods, the countries being forced to sign treaties to this effect. Once again, the American version of fair play and a level playing field. All US Administrations have followed the predatory philosophy best stated by President Wilson when he said the doors of other countries would be battered down "even if the sovereignty of unwilling nations be outraged in the process."

Protectionism quickly became a permanent feature of US trade policy. When the Americans negotiated the **Free Trade Agreements of GATT**, the **WTO**, and **NAFTA**, this was not done from a lack of protectionist sentiment but rather from a perceived advantage and a powerful negotiating position compared to its trade partners. **It was always clear that American intention in creating these so-called "Free Trade" agreements was primarily to force open other markets to US firms and products.** The US never reduced its own trade barriers unless it gained far more in return, and even then much of the original protectionist measures remained. The US had the strength and negotiating power to force agreements worded primarily to benefit American corporations, and were done with the expectation that the US would win on all fronts. And of course, on the occasions when this advantage didn't materialise as planned, the US was immediately whining about unfair trade and wanting 'a level playing field'. **The American position on trade represents hypocrisy at its finest.** The US preaches free trade only when it is winning and profiting from it, but whenever it finds itself falling behind due to the lack of competitiveness of American firms, the free-market theory is quickly abandoned in favor of unfair trade. In the context of the world's free trade agreements, much of the world remains bitter at the extent of US control over not only bodies like the WTO but also of their arbitration and other committees which rather too often arrive at surprising decisions that favor the US. Without this unfair influence, the US would have won almost no trade disputes and would be much the poorer for it.

There are two currents in the protectionist river. One is mercantilist - a perhaps rational pursuit of profit for domestic manufacturers at the expense of foreign producers. The second is ideological and political, therefore often irrational and more difficult to combat. A major part of US mercantilist ideology is the excessively patriotic belief infused into Americans by incessant foolish propaganda that American corporations are the most efficient and produce the highest-quality goods in the world, the natural conclusion from this set of beliefs being that any nation surpassing the US must be cheating. The ideological current is also strongly infused with American exceptionalism and white supremacy. Americans whine when any nation acts to protect local industry sectors from destruction by the invasion of US multinationals because they deem it their God-given right to enter and plunder freely, regardless of the domestic destruction inflicted.

Also stemming from ideology, and understandably distraught over its general lack of competitiveness in anything other than weapons of war, the US has increasingly politicised its trade conflicts, not only using trade policies as tools of colonisation, but encouraging the European Market and other nations to erect trade barriers to China in a concentrated and multi-pronged effort to "open" China in ways most advantageous to US hegemony, and to close it in every other way. In particular, the US government persists in its determination to destroy China's SOEs (since it cannot compete with them), attacking them not on commercial but on moral and religious grounds, foolishly claiming government shareholding as prima facie evidence of foul play. At the same time, both the US and

European countries heavily subsidise many of their exports to China, sometimes doing substantial harm to China's domestic producers. The hypocrisy in these measures is really quite astonishing.

The political and ideological side of US protectionist actions follow a typical pattern. First, the US government launches an inflammatory media blitz condemning China for multiple violations of WTO rules and all manner of illegal and unfair trade activities, invariably consisting of claims with no substance. The rhetoric is often extreme, with exaggerated and unsupportable claims of hundreds of thousands or millions of American jobs lost. After thus fanning the protectionist fires, the US arbitrarily levies punitive import duties meant to crush Chinese industries, and which are simply political extortion maneuvers meant to pressure China into admitting American firms into sensitive or national security sectors where China doesn't want them. These include financial areas, telecommunication services and energy. But mostly what they want is to punish China for maintaining its SOEs which the Americans so bitterly hate because every thief dreams of robbing the biggest banks.

A great deal of the extreme pressure applied to China on the RMB exchange rate had a similar goal, that of forcing China to further open its markets to US MNCs. All of the rhetoric about the RMB was nonsense, although if China could have been forced to revalue, then so much the better for the Americans. But failing that, they hoped to at least break into new markets and plunder yet more Chinese bank accounts. The US trade cases taken to the WTO are of the same intent, not vital in themselves but useful as pressure negotiating tools. And of course, the WTO is largely controlled by the US. The Americans aren't so stupid as to create a worldwide trade body and actually give it authority over them. **The WTO is no different than the International Court of Justice or the IMF; it's just another tool of imperial conquest and needs to be seen as such.** And all of the foolish comments like "China has to decide whether to conform and adapt to the norms of international trade or continue to be an outlier", are just American propaganda and hypocrisy with that special Christian moral flavor: "We don't want you to commit economic suicide for us. We want you to do it because it's God's will."

Since the US financial meltdown in 2007, and its beleaguered economy still showing no signs of recovery after nearly a decade, the US dramatically escalated its protectionist attitudes, with hundreds of trade complaints against China, almost all unjustified. The list of targeted products grew larger by the week, with the US government even levying double tariffs in dozens of cases, against its own commitment to international trade rules and agreements, and all declared illegal by the WTO. China does of course protest and challenge all of these American protectionist measures, but these defenses are time-consuming and expensive even when China eventually wins the cases. In many instances, American law does not authorise the government to take trade actions, but the US has repeatedly ignored its own laws to launch dozens of so-called trade 'investigations' against China during the past few years. When a US court ruled that the US government did not have the right to impose higher tariffs on goods from China, the Americans found a creative way to legalise their illegal actions. The US Congress passed new laws and backdated them four years, then levied the tariffs anyway. One has to admire the flexibility of American law enforcement and legislation, to say nothing of the apparent flexibility in the American concept of 'rule of law'. And of course, making 'a level playing field'. **It should be noted the Western media play an active supporting role in this vast hypocrisy by first launching their demonisation blitz then publishing exaggerated articles about the**

necessity for the US to file yet another trade complaint against China. They then go silent, with the public never realising those filed trade complaints almost inevitably come to nothing.

The US government has cleverly enacted some trade laws that have become the world's most efficient and vicious non-tariff trade barrier. The US International Trade Commission can launch what it calls Section 337 investigations (46) (47) against foreign companies for any purpose, with US companies regularly abusing this legislation for protectionist purposes that are clearly illegal. These investigations are a quasi-judicial trade measure the United States uses to protect its local companies from competition from imported products. Once a Section 337 investigation is initiated, the products in question and even similar products may be banned from the US market forever, even though the entire process is unlawful by international trade standards. In recent years, US companies have become increasingly fond of claiming alleged patent or IP infringements, and used these 337 investigations simply as a business strategy to drive out Chinese competitors and grab a larger market share. When Chinese companies must face these charges levied against them by American firms, they will necessarily suffer heavy losses whether or not they win the case. If a Chinese company does not respond immediately, its products will by US law be automatically excluded from the US market. But to defend such cases, a Chinese firm may have to pay many tens of millions of dollars for various charges, legal fees, and many other costs. This is a truly vicious piece of US protectionist legislation, and is only one such weapon in the US armory against foreign competition - invariably used whenever the US cannot compete. (48) Due to these new laws, it is a simple and painless matter for a US company not only to obtain government assistance against foreign competitors, but often to permanently cripple them. For these investigations, the US government supplies all the lawyers and pays most of the costs, while the foreign companies spend millions of dollars and months of time to defend themselves against accusations that are almost always groundless.

With this imaginative American process, it often isn't necessary to actually impose the tariffs or other duties. These trade investigations are sufficient in themselves to destroy foreign competitors since the investigating body can, and frequently does, demand unlimited quantities of documents with short turnaround time and will impose crushing penalties for failure to comply. **America's so-called 'International Trade Commission' has on many occasions been irresponsibly ruthless, and even vicious, in applying these prosecutions to protect American industries.** Here are two examples:

"In one case, Matsushita withdrew from an antidumping case and abandoned more than \$50 million in export sales, because the Commerce Department demanded on a Friday that it translate 3,000 pages of Japanese financial documents into English by the following Monday morning. (49) In another case, the Commerce Department demanded that the management of a small Taiwan company supply it with more than 200,000 pieces of information and reply to a 100-page questionnaire that was written in English. But the management of the company consisted of only a husband and wife, and they were unable to respond. **Using this lack of immediate response as an excuse, the US Commerce Department levied an "anti-dumping" duty of almost 60% on Taiwanese sweaters, making it impossible for these firms to survive.** Within a year from the time this so-called "investigation" started, more than two-thirds of the companies that produced acrylic

sweaters in Taiwan went out of business." This is one way the US "levels the playing field" for its own multinationals.

In a classic protectionist maneuver, the US created an historic episode known as "The Chicken War". France and Germany had placed tariffs of 2% or 3% on imports of US chicken, to which the US objected and responded by imposing a punitive tax of 25% on a huge range of European products, including the Volkswagen minibus. (50) (51) (52) (53) (54) Declassified documents later revealed that the minibus was included because the US auto unions were proposing a strike just prior to a Presidential election, and US President Johnson made a deal with the unions to punish Volkswagen's success in America in return for abandoning the strike. Johnson therefore had the US Commerce Department re-classify the VW minibus as a truck to qualify it for the duty. The result was devastating: German truck exports to the US plunged by 35%, and the beloved minibus disappeared from the US market, never to be seen again. As of today, that "chicken tax" on the VW minibus still exists. **This is the only reason the US automakers are so successful in selling light trucks in their home market; the competition has been obliterated by protectionist in the name of creating the "level playing field" that the Americans claim to venerate.**

US protectionism was in great evidence against Japan in the 1980s, when the great America became genuinely afraid of Japan's production efficiency and its high-quality goods. Japan's success had Americans calling the Japanese 'supermen', and genuine fear was generated when Japan suddenly began repatriating its accumulated surpluses and buying American corporate icons like Universal Studios, Columbia Records, the Rockefeller Center, the Pebble Beach Golf Club, and more. **Columnist William Safire, among others, wrote a blistering article in the *New York Times* about "The Yellow Peril", and there were cries everywhere of "Where will Japan strike next?" In all of that, the Americans convinced themselves that Japan was somehow 'cheating', just as with China today, and adopted countless protectionist measures designed to combat Japan's manufacturing advantages.**

The US began making increasingly shrill accusations about Japan, increasingly unreasonable demands, and increasingly stupid threats. At one point, in order to ensure "fair trade" and "a level playing field", US President Reagan proposed a 100% tax on all products made in Japan. That didn't happen but the US began to apply increasingly heavy import duties on many Japanese products. **One was a 50% duty on all Japanese motorcycles, which was the only thing that saved US-based Harley-Davidson from extinction; another was a 100% tariff on Japanese luxury vehicles. Since the US auto industry was in free-fall and couldn't hope to compete with Japanese firms, Japan was also forced into "voluntary" export agreements where it would limit its sales to the US.**

None of the above measures proved sufficient to forestall Japan's rise or America's decline, and in one of the greatest protectionist measures of all time the US browbeat Japan to sign the **1985 "Plaza Accord"** (55) (56) (57) (58), an agreement to revalue the Yen. Just as with the Chinese RMB in recent years, the US claimed that Japan's currency was too low, even though it had already appreciated from 360:1 to 240:1. Within two years

the Yen doubled in value against the US dollar, crippling Japan's economy - a fate from which it still has not recovered. You can see there are many ways to "level the playing field". The US government has tried the same with China, for many years exerting enormous political and media pressure for a revaluation of the RMB, with many US officials claiming the Chinese currency was "at least 40% undervalued". Of course, it was no such thing, as history has proven; the RMB was trading all along in the appropriate range, **but US officials hoped to duplicate their success with Japan and force China to commit economic suicide by a major revaluation. Fortunately, China is not a US military colony as is Japan, and the Americans had insufficient leverage to accomplish their dirty deed.**

Some years ago, the US forestry industry was having a rough patch. The US dollar was high and Canadian lumber (for building houses) was relatively much cheaper. **So, the US Government arbitrarily levied a punitive duty of about 40% on all Canadian lumber. The Canadian forestry companies were not cheating or being subsidised, but US companies couldn't compete so the government 'leveled the playing field' by an illegal duty that made Canadian products almost prohibitively expensive and severely damaged the Canadian forest industry.** (59) (60) (61) (62) (63) To make matters worse, the "duty" was paid not to the US government, but to the US forestry companies. So now the US firms had a closed lumber market in which Canada would have to pay the US producers a huge cost differential on their exports to the US, effectively paying US lumber companies the value of all their lost sales.

Of course, the WTO ruled this was illegal and that all the duties collected had to be refunded, but by then almost three years had passed, the US dollar was down again and the Canadian industry was no longer a threat. The US eventually dropped the tariffs, but the damage was done. In spite of the illegality of the duties and the direct order from the WTO to refund the money, the US demanded that Canada 'negotiate' the amount of duties to actually be repaid. **In the end, the US refunded only about half of the money collected.** By then, the US forestry giants were flush with cash (paid by the Canadian companies) and ready to buy up all those same Canadian firms with their own money. **In the US, this is known as "leveling the playing field" and of course "playing by the rules".**

There may be no US product category more deserving of contempt than that of agriculture, where the blatant protectionism is at an astonishing level. The US heavily subsidises its agricultural sector which encourages overproduction, generating surpluses that are then dumped on the world markets at prices well below production costs, while posting tariff and other barriers on agricultural imports. Haiti is one of the poorest countries in the world, but US firms sell American rice in Haiti at prices lower than Haiti's domestic costs of production - a subsidy of probably 80% or more. The same is true of sugar cane, ethanol, and a multitude of other products. Brazil can produce fuel ethanol at 10% of the US costs, so the US "leveled the playing field" by imposing a tariff of 54 cents per gallon on foreign ethanol while paying US refiners a subsidy of another 45 cents, shutting Brazil out of the export markets. The result was more than \$6 billion in annual ethanol subsidies to US producers and a remarkable increase in food prices, most notably corn. **The US is also unforgivably ruthless in dumping agricultural products to destroy the productivity in other nations while creating markets for its own firms. When the US began its program to destabilise Cuba, its first act was to impose huge tariffs**

on Cuban sugar imports which wrecked the Cuban economy but created a new market for Sanford Dole who had just succeeded in hijacking the nation of Hawaii. The US is doing something similar to China today with its subsidised exports of GM crops such as soybeans; the purpose of the subsidised low prices is to drive Chinese producers out of the market, after which the US will control much of China's food supply and can raise prices to any level. This is already occurring in China, and is a template the US applies worldwide.

China's auto exports are expanding by more than 20% annually but there are no Chinese cars in America. The question is, why not? The simple answer of course is US Federal Crash Standards. As Forbes magazine explained, "In a seemingly eternal battle of cat and mouse, as soon as Chinese manufacturers meet Euro 5 emissions or build a car that has NCAP 4 stars or better, a new range of standards and guidelines appear." We then need to ask ourselves who are the real trade protectionists, and who is manipulating the rules of trade when they cannot compete? Is it the US or China? **Certainly, if China played the same game as the US does on auto standards, there would be no American cars in China. And that would be a good thing.**

As another example, the US levied a 55% duty on low-cost auto tires from China. No US manufacturer made tires in this price range, so China's exports were not harming any US firms, and in fact were helping to maintain low retail prices in the US. Obama presented these punitive duties as "creating American jobs", but no jobs were actually created, and the main result was that 300 million Americans now had to pay 55% more for their automobile tires. The US "punished" China by hugely increasing costs for its own citizens. After five years of 'punishment', the US Commerce department arranged for the American United Steelworkers Union to file another action request, claiming - without evidence - severe damage to the American tire industry caused by Chinese imports "unfairly benefiting from government subsidies" or otherwise being "sold below fair value" on the US market. In these cases, it is important to note that the definition of "fair value" is a price that American manufacturers cannot meet. Whenever American firms are uncompetitive in price - which is most of the time - foreign firms are accused of 'dumping' goods, of selling them below 'fair market value', thereby triggering more protectionist measures to bring the price of foreign goods to a high enough level that US companies can compete. These policies are almost always enormously dishonest and hypocritical, though again the media are always silent so few are aware of the details. **With the Chinese auto tires, American companies like Cooper who export their production from China to the US will pay a proposed duty of only 12.5%, while Chinese firms exporting similar tires to the US at the same cost level, will pay duties of over 80%. In the US, this is known as leveling the playing field.**

An American executive stated that "US tire manufacturers made the decision years ago to shift production of these lower-cost tires out of the US. All this action will do is force them to shift production to other countries", which is exactly what happened. After nearly two years of struggle, a Chinese businessman set up a tire factory in Thailand, primarily to avoid the US tariffs. And of course, that was the intent; either drive the Chinese firms out of business, or drive the businesses out of China. **Either way, the US gains an imperial victory. The enormous extra cost to American consumers is ignored because the only objective is to produce higher profits for US multinationals and the few elites who control them, to further the transfer of wealth from the middle and lower**

classes to the top 1%. Democracy in action. The US has done the same to China in a number of areas. Tianjin steel pipe was selling in the US at a 20% premium over its domestic price in China but American firms still couldn't compete so the US levied a total duty of almost 60% on these steel products, driving Chinese exports down by 75%. Once again, Chinese firms are faced with the choice of closing down or moving their production out of China, since it isn't always easy or possible to quickly develop new export markets. **Many US duties on Chinese products are as high as 100% and some have reached more than 300%, on many billions of dollars' worth of exports.**

The US has increasingly passed a proliferation of "Buy American" legislation which, along with intense domestic political pressure, is intended to bully American corporations and low-level governments to avoid foreign goods. This, in spite of intense American pressure on countries like China to "play fair" and develop "an open market" for American firms in corresponding markets in China. In one celebrated case, California ripped out of the ground a newly-laid Canadian pipeline to replace it with "American steel". It isn't clear who were the beneficiaries of this one. **Not long after this, US authorities ordered the dismantling of a newly built bridge in Colorado after discovering it contained steel beams from Canada.** In another current case, Canada's Prince Rupert Ferry Terminal which sits on federally-owned land, was sublet to the Americans on a 50-year management lease, and which will now undergo a massive construction upgrading - for which the Canadian government will pay - but which is fully subject to "buy American" rules. **And that means that tens of millions of dollars' worth of steel and other construction supplies will be provided by US firms, shutting Canada out completely from its own property.**

In early 2014 the US introduced new laws requiring 100% American content in all federally funded transit projects, virtually eliminating even firms like Canada's Bombardier who supply most of the US' trains and buses. Canadian firms are therefore shut out of billions of dollars of government-funded transportation projects in the US while their American rivals are free to capture similar work in Canada. **Similarly, the US administration is haranguing China on fully opening all sectors of the Chinese economy to permit American firms to participate in all government projects while at the same time heavily restricting the participation of Chinese firms in American projects, usually on spurious grounds of 'national security'.** We can legitimately ask why competition is 'good for China' but not good for the Americans. In August of 2016, it was suddenly announced that the joint venture between China Railway and XpressWest, a private American company, had cancelled plans to build America's first high-speed railway between Los Angeles and Las Vegas. Why? Listen to the company's statements:

"XpressWest indicated that its "biggest challenge" was a federal government requirement that high-speed trains must be manufactured in the United States to secure regulatory approvals." As everyone knows, there are no high-speed trains manufactured in the United States. This inflexible requirement has been a fundamental barrier to financing high-speed rail in our country. For the past 10 years, we have patiently waited for policymakers to recognize high-speed rail in the United States is a new enterprise and that allowing trains from countries with decades of safe high-speed rail experience is needed to connect the Southwest region and start this new industry." (64) (65) (66)

We are generally familiar with the stories of the Americans demanding the right to come into China and buy up every worthwhile company and brand while denying China an opportunity to purchase any companies in the US, usually on fictitious grounds of "national security". In one case, a Chinese firm was refused permission to build a wind farm because it was near a military base. In another recent case, China's Superior Aviation's plans to buy US aircraft manufacturer Hawker Beechcraft collapsed from claims of more national security objections and the supposed difficulties of separating Hawker Beechcraft's defense aerospace operations from other businesses.

More recently, Chinese companies are finding it almost impossible to sell communications and other higher-tech products in the US because the government regularly cites "national security concerns" and prohibits the purchases or sales. **In a classic case of predatory protectionism, the US government banned all products from Chinese electronics firm Huawei, on the grounds that the President of the company once served in the Chinese military, and the company would be a "national security risk".** The real reason was to protect the US firm Cisco Systems from Huawei's better products and lower prices, against which Cisco could not compete. **The Australian government concurrently announced a ban on Huawei participating in its proposed \$36 billion high-speed Internet network, claiming a responsibility to "protect its integrity" from Chinese cyber-attacks. Australia reported considerable US political pressure to make this decision, as have many European nations.** In 2012, US telecommunications companies received a remarkable marketing document intended to cause suspicion about Huawei. The report claimed, "Fear of Huawei spreads globally. (67) (68) (69) Despite denials, Huawei has struggled to de-link itself from China's People's Liberation Army and the Chinese government". It was later discovered that the paper's author was Huawei's main US rival, California-based Cisco Systems. But while Cisco was making these accusations about China, it was also revealed that Mike Quinn, a Cisco Vice-President, was a former CIA officer, and that many other senior Cisco employees had served in the US military. No double standard, here. **As an indication of the blind supremacy mirror from which the US obtains its self-image, to say nothing of its unbelievable hypocrisy, the US government demands that Cisco be given open opportunity to sell similar electronics in China, and to the most sensitive industries such as defense, ridiculing China's concerns about national security. American bullying hypocrisy is truly infuriating at times.**

And then we have AmCham, the American Chamber of Commerce in China, the guardian angel of hypocrisy for Americans everywhere, complaining in the Washington Post that China was "aggressively moving ahead" with rules that would cut out foreign businesses, beginning what AmCham characterized as an "intense campaign" to force public institutions and businesses to install Chinese-developed software and hardware to protect domestic computer systems from NSA spying. But according to AmCham, while China cast the move as a national security issue, the requirements went "well beyond the norms set by other countries". The report told us that China's new rules "maintain an overly broad definition of national security, which is contrary to standard international practice". **China went beyond the norms set by other countries? The US, claiming "national security" virtually evicted Huawei from the country and Haier couldn't even buy a dishwasher manufacturer, but when China replaces some Cisco hardware in sensitive situations, this is "going beyond the norms with an overly broad definition of national security".**

Nobody in the US government appears to have the intelligence to ask why, If Cisco has executives who were with the CIA, that wouldn't constitute a threat to China's national security. And, it of course does constitute such a threat. **The efforts to discredit Huawei illustrate a fear and resentment among US firms of highly successful Chinese competitors that are taking over the world's telecommunications markets, which were once a distinctly American industry.** One US expert wrote, "It was long thought that we were the number-one economy and China just supplied cheap labor. But now it is clear that China has a lot to offer in terms of innovation and industrial policy, and now Americans are scared". And so they should be. If the telecom market were "free and open" and "a level playing field" as the Americans claim they want, Huawei and ZTE would already have taken over the entire US market and Cisco would be reduced to assembling OEM playstations for Sony. **In this context, it should be noted that US Ambassador Gary Locke is not a friend of China.** Reports claim that in November 2010, when Locke was the US Commerce Secretary, he **put intense pressure on Sprint Nextel to reject any bids from Huawei, for purely political reasons.**

It is the same with the recent bitter US arguments about China's exports of solar panels. During the past 5 years, due to huge investments in technology, China has become the world leader in producing solar panels at increasingly attractive prices. And in the process, the US had lost its lead, American firms were inefficient and overpriced, with outdated technology and the entire US solar industry virtually a walking corpse. So, a US trade panel approved an investigation into charges of "unfair Chinese trade practices" in the solar energy sector, concluding that US producers had been harmed or were threatened with mortal injury by the "unfairly low prices" of imports from China. It's important to note that China's trade doesn't need to be unfair in any sense, for China to be punished by duties. It is enough that the Americans can't compete, and so they 'level the playing field' by imposing punitive duties of up to 250% on billions of dollars of solar energy products from more than a hundred Chinese producers and exporters. The purpose is clear: The Americans cannot compete, and spitefully want to damage China's worldwide supremacy in solar energy by (1) to remove them from the US market, and (2) attempting to reduce their revenues to help kill further research and development. This is just one of the ways the US tries to consolidate its leading position in any high-tech sector by warding off potential competition from China. This will of course hurt China, but will not help the Americans, and will greatly increase the installed costs of solar panels. This is protectionism at its worst, initiated by the world's greatest proponent of "free trade" - which means, "trade is free, only if I am winning". To make matters worse, the US bullied the EU and other Western nations to do the same. The entire solar industry risks a breakdown from this protectionist foolishness, but Obama insisted the US "would not cede solar, wind or battery industries to China".

As China continues its economic development with the consequent upgrading of its industrial capability, it exports increasingly higher tech and higher value-added products to global markets, this of course affecting the market share of these high-end products from Western nations. In spite of all the blather and whining from American firms about China dumping goods or violating someone's IP, or engaging in undefined "cheating" on trade, the bald truth is that US firms are simply resorting to illegal and unfair methods of protecting their market share, especially since high-tech products generate much more profit than do low-end items like garments or footwear that China manufactured initially. It is almost invariably true that the accusations of unfair trade against China and similar nations, are slanderous allegations intended for public consumption at home to turn the tide of public opinion and garner support for yet more protectionist measures that assist

a few US firms while costing American consumers billions of dollars in higher prices. This is truly corporate welfare on a grand scale where the only winners are a few industrialists.

The US has always attempted to extend its extraterritorial influence and political domination by using the excuse of 'national security' to insert itself into the affairs of other nations which are of no apparent concern. One increasingly troublesome area is that of international mergers and acquisitions involving two foreign companies, one of which may have minor operations in the US. The Americans created a body named the Committee on Foreign Investment in the US (CFIUS), to examine foreign takeovers of US assets, but have increasingly used this body to interfere in Asian takeovers (especially Chinese) of European or other companies that have US assets. In one case, the Dutch company Philips had agreed to sell its lighting components business to a Chinese firm, but the Americans exerted enormous political pressure to block the sale because Philips had some R&D operations and a large portfolio of patents in a US company, which the Americans did not want China to obtain. Philips could probably have pulled those operations out of the US and then proceeded with the sale, but the Americans threatened retaliation in many other ways, including shutting Philips products out of the US market. **Both the Europeans and the Chinese are expressing strong resentment against this blatantly political interference that has as its only purpose an American determination to control access to technology by other countries. In other words, the Americans have assumed the authority to tell a Dutch company it cannot sell technology to a Chinese company, under threat of losing access to the American market.** On the other hand, the Americans demand the right to enter China and buy anything, the operative philosophy suddenly changing to 'open markets' and 'free trade', Chinese concerns about national security being dismissed as 'Communist propaganda'.

In late 2015 the US levied an import duty of almost 250% on Chinese steel, on the pathetic grounds that steel imports from China "appeared to be excessive". The simple fact was that China could produce high-quality steel at prices much lower than could American firms like US Steel who were mostly bleeding red ink. US Steel said the tariffs were "a good first step" toward halting "these harmful, illegal and unfair practices." But of course, there were no illegal or unfair practices. The Americans are masters at couching trade pricing in evangelical terms and rushing the high moral ground, but the real issue is the matter of free trade, under which I should be able to sell my products at whatever price I choose. If I have misread the market and overproduced a product, I may well have to sell it off at cost, or even at a loss, to eliminate my inventory and recover whatever cash I can. This practice is a single event that is neither predatory nor immoral, with these discounts being both temporary and usually minor, reductions of perhaps 10% or 20%, and represent a real benefit to customers like the US auto industry who are also hurting.

And China's cost advantage in steelmaking is also of that same degree, perhaps only 5% or 10%, but the US government does not in any sense try to 'level the playing field' as it claims, but clearly takes actions designed to cripple and even collapse a competitor's industries. **How else can we interpret US tariffs on Chinese steel at 250%? These moves are intended only to totally eliminate foreign products from the US market whenever American companies cannot compete - which is most of the time.** Speaking to *The Wall Street Journal*, Li Xinchuang, deputy secretary-general of the China Iron and Steel Association, said China alone wasn't responsible for an excess of global steel supply, and that higher tariffs imposed on its exports were unfair. "Overcapacity in

the steel industry is global. It is not only a situation in China. We have both good quality and price. It is not about price alone. I don't see why we can't export when we can offer good quality to customers." **The Americans follow this pattern in every conceivable area in attempts to limit or eliminate competition for American firms.** But these are all temporary measures that will require endless repetition because US firms in most industries are not competitive.

The US is fond of slandering China by boasting of all the complaints it has filed with the WTO against China for unfair trade. As always, the US media report only the accusation, not the verdict. In one typical instance, the WTO rejected all 13 claims made by the US and ruled American anti-dumping measures unlawful and in violation of WTO rules. In most cases the US simply abuses the process by employing questionable methodologies in its determinations. These persistent US practices are merely a form of harassment and aggressive protectionism, and unrelated to free trade. **The Americans challenge billions of dollars of Chinese imports every year, almost all of which fail.**

Similarly, the US repeatedly files trivial nonsense complaints with various trade bodies, in one case accusing the Chinese government of unfairly subsidising its cotton growers. In this case, the subsidy was lower than that permitted by the WTO and applied only to very small-scale subsistence farmers in remote, underdeveloped regions to protect their livelihood, the volume involved being insignificant in relation to China's total production and consumption. Many of the claims made by US trade representatives were either recklessly incorrect or deliberately dishonest. Still with cotton, the Americans accused China of heavily subsidising domestic production to build reserves then export them at unfairly low prices, an absurd accusation since China's cotton imports increased from 100,000 tons to more than 4 million tons in one decade, today buying more than half of the world's production, and exporting nothing. And then we have the other side of the fence, where China presented cases to the WTO documenting the heavy US subsidies on autos and auto parts that were seriously distorting domestic industry in China, one of many such cases. In an unrelated instance at about the same time, the European Union requested WTO approval for sanctions of more than \$12 billion against the US not only for providing Boeing with illegal subsidies but with American failure to comply with past rulings on illegal subsidies given to Boeing Aircraft. **While the US consistently engages in these illegal protectionist activities against other nations, the American media publish only information critical of the trade practices of other countries. There are two important points here. One is that US citizens are never informed of the illegal trade actions of their own government because the information is very effectively self-censored by the media. The other is that the US government has for decades been repeatedly sanctioned for trade violations, with orders to cease and desist, and to refund extortionate duties and other funds collected. In virtually every case, the Americans, abiding by their world-famous rule of law, simply ignore the international trade authorities and continue their practices.**

The world would be a better place if the Americans possessed half the excellence at producing and marketing products as they display for producing and marketing unsubstantiated claims of their moral superiority. US steel and aluminum industries have archaic, high-cost facilities and have been generally uncompetitive for a long time. China's production facilities on the other hand are new and efficient and the country's steel firms can produce at a cost lower than most. When the Americans were flooding the world with

cheaper (often subsidised) steel and aluminum, that was justified on the basis of efficiency, competitiveness, and general American superiority, to say nothing of 'letting the market decide'. But when China or any other nation can produce and sell equivalent quality at lower cost, the free market sentiment quickly disappears in clouds of accusations of cheating, dumping, subsidising, and whatever other adjectives happen to be convenient. The Americans seem to begin with a premise that the entire world market is theirs. If Boeing loses out on sales to Airbus, the Europeans must have cheated, or bribed airline officials. If China sells steel or aluminum at a lower price than American firms are able to do, we have an instant accusation Chinese firms are selling below cost. As I mentioned above, there are occasions where producers in every country will attempt to unload excess inventory, even at a loss, to recover their capital, but those occasions are a one-time gift to consumers who would be perfectly happy to purchase all their raw materials below the actual cost of production.

Still with steel, the Americans accused Chinese firms of "over-producing" and flooding the world's markets with low-cost steel. Aside from the fact that the Americans repeatedly do this themselves, this should be one definition of a "free market": I produce as much as I can and try to sell my production wherever I can. Volume means profits. However, it seems that any nation showing signs of becoming too successful must be quickly beaten down, which leads us back to our persistent WTO complaints. In any case, the Western iron ore companies, as one example, are famous for vastly over-producing during times of low prices, specifically to drive all marginal producers out of business, after which they control the market and can raise prices to unconscionable levels. Still with steel and aluminum, in 2016 the Americans were bullying half of the world in an attempt to create a semblance of uniform opinion that China reduce its production of these metals, going so far as to pay 5,000 people in Europe to participate in a staged protest against Chinese steel. (70) (71) The problem was simply one of American lack of competitiveness in metals production with a consequent increasing loss of markets and volume. The argument was that the world had no need for such high volume and that China should shut down half of its production facilities to save the world, but that is always the American way; I'm sick, but I want you to take the medicine. It didn't seem to occur to many people that it was the American mills and smelters that were lacking sales, and maybe the US should shut down its inefficient, high-cost facilities 'to save the world'. And once again, when US firms were flooding the world with cheap metal and forcing other nations to curtail production, there was no mention then of saving the world. These are yet more instances of the hypocrisy that seems to permeate everything American; it's okay if I do it, but bad if you do it.

It was the same with China being admitted to the WTO; the Americans for decades did everything in their power to prevent China's admission, then, when they could no longer prevent it, took credit for it. We see this again in 2016 with China up for designation in Europe as a market economy, a move which make trade easier and more free between China and Europe. Once again, the Americans are there, bullying all European governments to vote against China's admission. Their success, if they are successful, will not benefit the US but will hurt China - which is the plan. The European countries estimated they might collectively lose about 60,000 jobs by giving China market economy status, but on the other hand would gain many more from increased Chinese investment in Europe. But the Americans got one of their so-called NGOs, (American-controlled) Aegis Europe, to compliantly estimate that Europe would lose at least 3.5 million jobs! None of this is related to trade in any sense; it is simply American

imperial bullying, while filling the US media with huge daily doses of hate literature to obtain public support from an ignorant public.

Beijing has treated American companies far too generously for far too long, giving them preferential tax treatment, allowing for generous valuation of "knowhow" as a capital contribution to JVs, and so much more. It is time to even the playing field. **The Chinese government allows hundreds of foreign multinationals to handle their businesses quite well in China, and virtually all of them are very profitable. It is time for the West to reciprocate for China. Open Market rules should apply equally to all. Chinese companies still face severe trade and investment barriers, Chinese exporters facing sharp increases in punitive duties and tariffs against Chinese goods and services launched by Western nations, almost invariably at the encouragement or demand of the US.** China, as the world's second largest importer, has suffered the most trade challenges of all countries for 17 consecutive years, with most of the trade friction between China and the US being political rather than commercial, the Americans most commonly claiming "National Security" as an issue. These measures primarily accomplish the US purpose of hindering Chinese firms from expanding overseas. Mostly, these are thinly-disguised protectionist measures, but many are serious. The US is especially concerned about China's progress in any areas involving high technology, mostly because the US has militarised and weaponised this grade of knowledge, and wants to prevent China from making any military progress. It was for this reason that the US Congress recently approved a bill that prohibited both the Office of Science and Technology and NASA from coordinating any joint scientific activity with China. If that weren't enough, the US excluded China from a list of 164 countries to whom it granted its new license exception called a 'Strategic Trade Authorization'.

It was for this reason that exports to China of even simple PC micro-processors were banned for many years. The products or materials needn't be for military use in China, the Americans simply wanting to keep China in the high-tech dark by any means possible. US restrictions on high-tech exports to China are "strict and extensive", and have exacerbated trade imbalances between China and the US. They also damage China's trade relations with other nations because the US State Department exerts substantial diplomatic and even military pressure (or threats) on the Europeans and other nations to follow the US lead. Many American firms have complained bitterly over lost business opportunities and **market share in China as a result of the US government imposing control on more than 2,000 so-called "high-tech items" for export to China.**

As well, a host of Chinese companies, including Huawei, ZTE, Haier and CNOOC have suffered setbacks to their overseas acquisition and merger plans because of US trade restrictions based on so-called US "national security" claims. Chinese companies are finding it almost impossible to purchase assets in the US, or to sell communications and other higher-tech products in the US because the government regularly cites "national security concerns" and prohibits the purchases or sales. As if purchases and sales weren't enough to satisfy this cold war mentality, the US Congress is now considering stricter rules on investment from China's State-owned companies, claiming these will pose both economic and security risks to the US. And of course, the US blocked investments by Huawei and ZTE, on totally unsupported and undocumented vague accusations of espionage.

Huawei Recently lost a chance to buy a US broadband software company (2Wire), because the US government simply didn't want Chinese firms buying anything American. The US government claimed Huawei was a "security risk" and killed the sale - even though the firm offered more money than other competitors. There have been many cases like this. CNOOC wanted to buy Unocal Petroleum in the US, but once again China's ownership - of some oil wells, mostly in Asia - would be a "security risk". This was a thinly-disguised decision to try to limit China's access to sufficient supplies of petroleum. China's Tangshan Caofeidian Investment Corporation was forced to abandon a joint venture with a US manufacturer of fiber optics, because it would "threaten US National Security". The US home appliance firm Maytag was for sale and attracted a bid from Haier, but was quickly killed by the US on the basis of security, and a US firm outbid Haier by 20% to ensure the firm "wouldn't go to China". Yet US companies - with the fierce political support of their government - demand the "right" to come to China and buy everything, but China is not permitted to worry about its own 'security risk'. Clearly, something needs to change.

It is almost comical, the way in which the US government and media raise irrelevancies and juvenile accusations about China "not playing by the rules". What rules? China is learning quickly about these masters of economic hypocrisy, which is the real cause behind the ever-growing whining in the Western media. When others begin to win, in the same arena and under the rules that they used to take advantage of you for 300 years, suddenly the rules become "unfair". Of all the nations in the world, the US is the most insanely mercantilist and viciously predatory, using every manner of political, economic and even military, pressure, to force the rules of every agreement to a form that works to its specific advantage. But whenever any other nation - and there are many examples - begins to beat the US at their own game, playing by those same US rules, it is always the Americans who instantly begin whining about others being "unfair", about their superior competitors "not playing by the rules", and crying to anyone who will listen that all they want is "a level playing field." And of course, the US media lap this up like a hungry dog and regurgitate it to the masses, so most Americans believe that China really does not follow the rules. But it is always the US that breaks any rule and ignores any law that proves inconvenient.

Keep Your Wretched Refuse at Home



Immigration is a small but focused area of economic colonisation practiced by several Western nations but primarily the US. America has had for quite some time a predatory immigration policy meant to vacuum up and concentrate the best and brightest people - and the cash - from developing nations, programs presented in generous humanistic terms, but that really function as just another colonisation tool. Scientists and researchers playing musical chairs among the Western nations may create no net benefit or loss to any country, but laying out the red carpet to the brilliant and rich in the world's developing countries is neither accidental nor benign, and incurs great losses to those nations because they are least able to afford this drain.

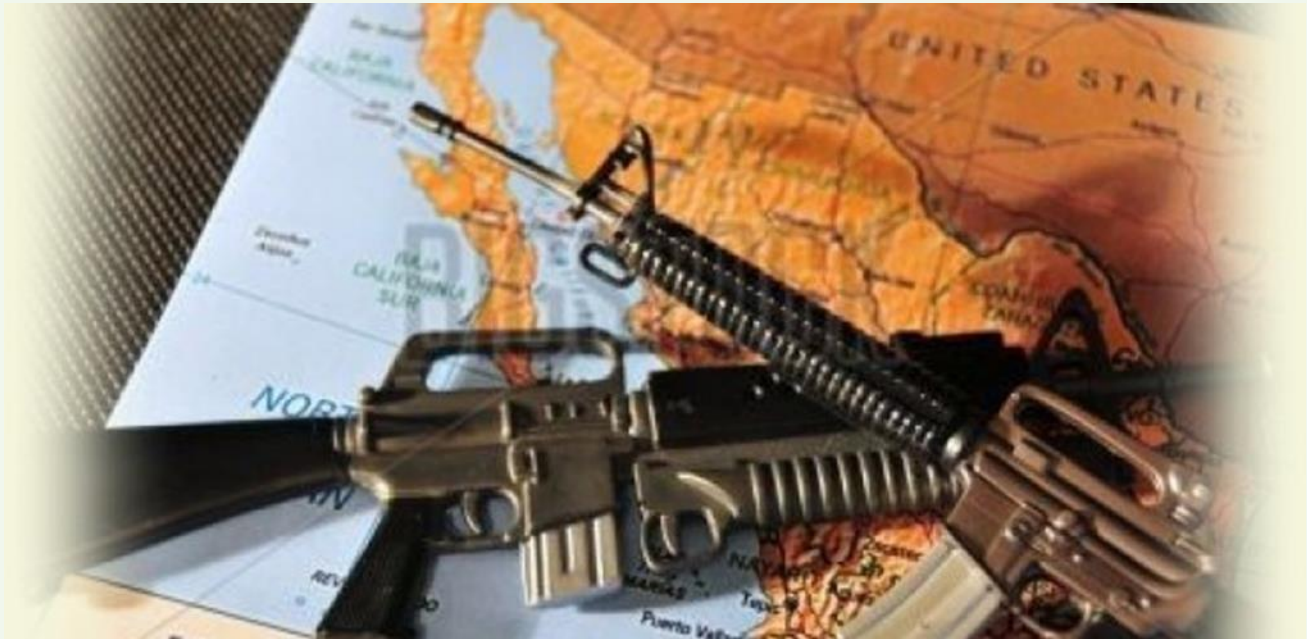
It may well be true that many of these migrants would have had little opportunity to pursue their research or other work in their home countries, but this fact serves only as an illusion to mask the larger reality. This emigration removes forever the potential contributions to domestic development by these people, however small they might have been, and

permanently transfers those contributions to the US, thereby magnifying - and serving to maintain - the income disparity between rich and poor nations. **In fact, while it may be true that these emigrants would have accomplished little at home, it is equally true that without them the US would also have accomplished little, and the economic disparity would not have increased. It may be true that many emigrants to the US feel gratitude for the opportunity to further their careers, but this is from the point of view of American individualism which ignores the larger social losses.**

The inscription on New York's Statue of Liberty, **"Give me your tired, your poor, your huddled masses yearning to breathe free, the wretched refuse of your teeming shore"**, is just feel-good nonsense for Hallmark Greeting Cards. If it ever had truth in it, that was a long time ago. **There is no 'wretched refuse' reaching American shores today, and there hasn't been for a long time. It is only the rich and gifted who are welcomed today.** Americans have been brainwashed into believing their country is the richest because they are the best and brightest, but that has never been true. **For millennia, China led the world in inventions, discoveries and innovation, and more recently countries like Germany and Japan have consistently surpassed the US in almost every field except weapons of war and fraudulent banking.**

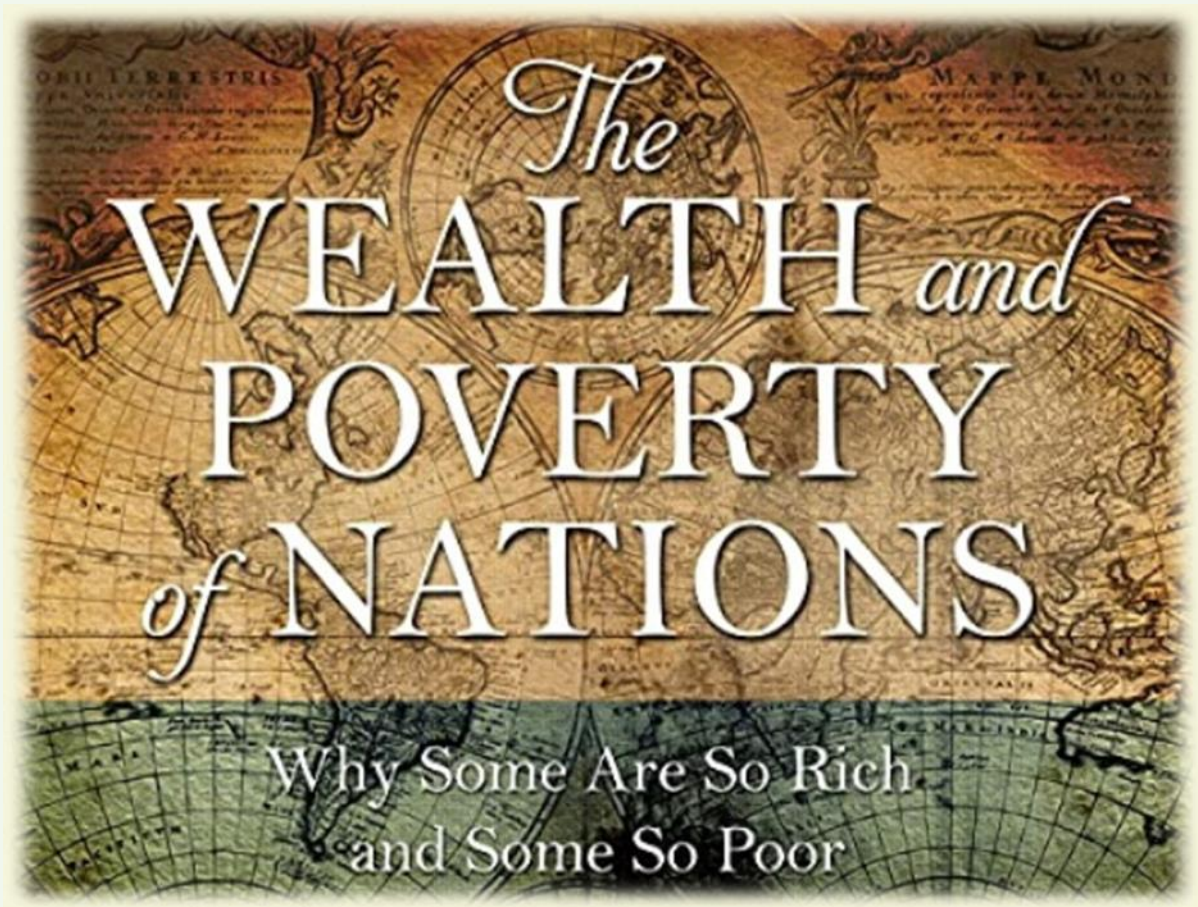
There is another category of immigration that made a major contribution to the wealth and development of the US, and that was what some choose to call "the great scientific exodus during and after World War II. But this great exodus was not quite according to the myth created for the gullible American public. It is true that some Jewish scientists left Europe for the US during the war but the major effect occurred later. After the war, the US government transplanted at least 10,000 German scientists and a very large number of Japanese to the US, but in virtually every case these were war criminals fleeing certain prosecution and probably death for their crimes. **Most of the Germans were too prominent to be placed in American society and were hidden in the US military where they would attract less public attention, only to be released as memories faded. The same was true with the Japanese. One of the most famous was Werner von Braun who created the American missile and space technology, but there were many more with their skills in military matters, in obscene human experiments, in torture and much more, all treasured immigrants for the US military machine. The sum of their "contributions" to American society and world unrest can only be guessed at.**

Control and Riches Through Cartels



There are many areas in which the US exploited its commercial reach through protectionist and monopolist policies designed to fill American bank accounts while draining the world. **One prominent example is the commodity cartels for which the US has always been famous, with large American companies controlling and manipulating markets like petroleum. In 1952, a US Senate Committee published a report on the petroleum cartel, showing that seven firms controlled 85% of the world's petroleum reserves.** They controlled all major oil refineries and pipelines, fixed worldwide oil prices and divided the world's market among them. Five of these firms were American, the other two being their European cousins. All worked in the dark to eliminate competitors and maintain a stranglehold on the world's oil supplies, distributing and sharing production areas, and fixing transport costs and sales prices, **to dominate the world by controlling its oil.** Even today, we can see fully-laden petroleum tankers anchored well offshore, sometimes for months, waiting for the most profitable delivery time.

Epilogue



These Volumes provide only a glimpse, a brief summary, of US government attitudes and activities that have for centuries been directed to creating and maintaining the national wealth that Americans generally credit to their "democracy" and American ingenuity, and serve only to open a window on some origins of this wealth. But even from this brief introduction it should be more than apparent that America is not wealthy because of either freedom or democracy, but instead from a powerful military, 'law of the jungle' predatory capitalism, a healthy infusion of white supremacy and some accidents of history. **As with all prior empires, America is wealthy today because for hundreds of years it copied, stole from, bullied, spied on, intimidated, invaded, colonised and plundered, weaker nations.**

America is neither as innovative nor creative as the popular narrative suggests, and it should be more than obvious that claims to wanting "fair play" or "a level playing field" are merely jingoism for the masses and represent a rather high order of hypocrisy. When we peel back the layers and look behind the propaganda walls, **we find little evidence that the US conducts itself internationally with any sense of honor or even justice.** There is little in America's foreign conduct that is either fair or moral, and certainly nothing decent. If I were an American, I would be dispirited and ashamed, finding nothing

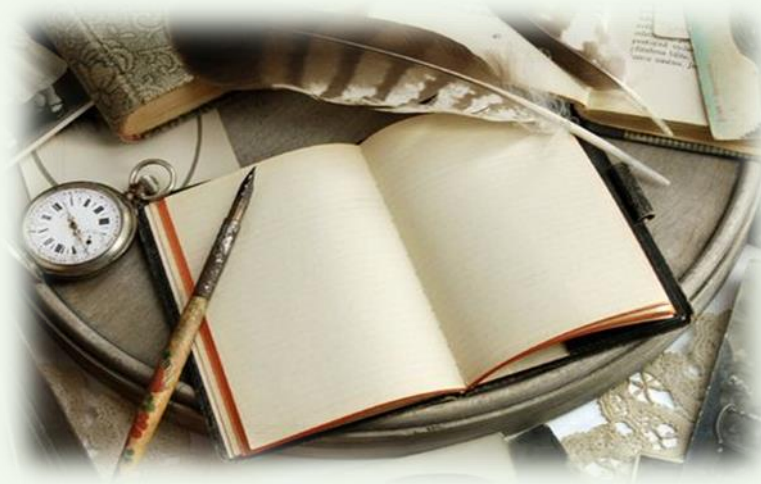
in the above to evoke pride in my nation. It is indeed a foolish and simple-minded pride, almost pathetic, that so many Americans derive a patriotic glow from their fringe membership in what is factually a vast and uncaring criminal enterprise that holds even them in contempt.

The areas we have covered in this book relate primarily to the actions and attitudes of the US government itself. There is much more to this picture of American wealth relating to the actions of US multinational corporations that is too extensive to deal with here. **In a later Volume, we will examine the attitudes, actions and effects of the American religion of predatory capitalism that seeks to purchase and kill major brands in every other nation, precisely to eliminate competition for American firms.**

I noted at the beginning of this volume that national and personal wealth do not necessarily coincide, that some portions of a nation can be extremely wealthy while the majority are impoverished. **Many or even most of the events discussed above did not serve to enrich "America" as a nation but instead were a form of plunder that filled only a few pockets. The colonisations of poor nations were one such. Slavery is another.**

Lastly, it is necessary to note that a great many of the actions involving or facilitating the accumulation of wealth were not taken by the US government as such, but by those who control the US government from the shadows, the most obvious of these being the US Federal Reserve which is not American but is privately-owned by Rothschild, Warburg and a few other European Jewish bankers. Many of the actions or events listed in this chapter were due to the FED's owners and mostly benefitted them alone. Most of the war seizures, Japan's Golden Lily, the Silver and Gold purchase acts, the currency manipulations, the establishment of the IMF and World Bank all fit into this category. There are many more, as we shall see.

NOTES



Reference links - How the US Became Rich - Part 6

Project Shamrock spying

- (1) <https://www.bibliotecapleyades.net/ciencia/echelon04.htm>
- (2) <https://www.bibliotecapleyades.net/ciencia/echelon04.htm>
- (3) https://www.bibliotecapleyades.net/ciencia/echelon/echelon_2.htm
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Mr. Romanoff's writing has been translated into 34 languages and his articles posted on more than 150 foreign-language news and politics websites in more than 30 countries, as well as more than 100 English language platforms. Larry Romanoff is a retired management consultant and businessman. He has held senior executive positions in international consulting firms, and owned an international import-export business. He has been a visiting professor at Shanghai's Fudan University, presenting case studies in international affairs to senior EMBA classes. Mr. Romanoff lives in Shanghai and is currently writing a series of ten books generally related to China and the West. He is one of the contributing authors to Cynthia McKinney's new anthology 'When China Sneezes'. (Chap. 2 — Dealing with Demons).

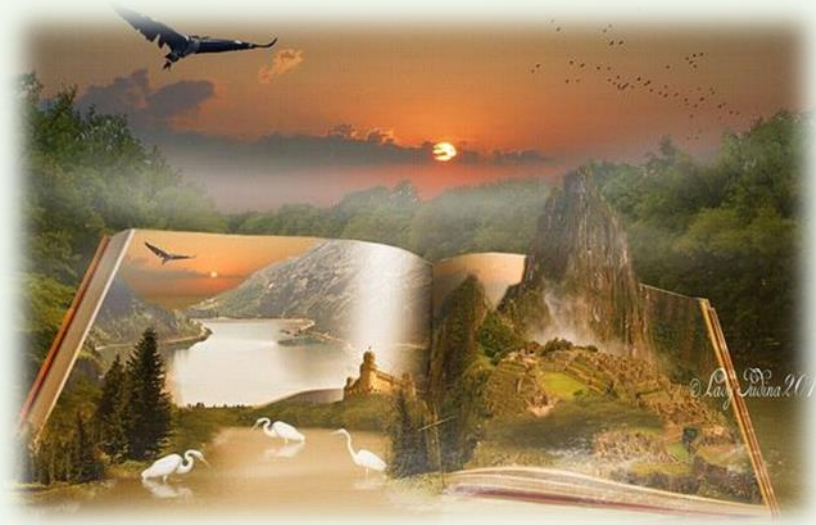
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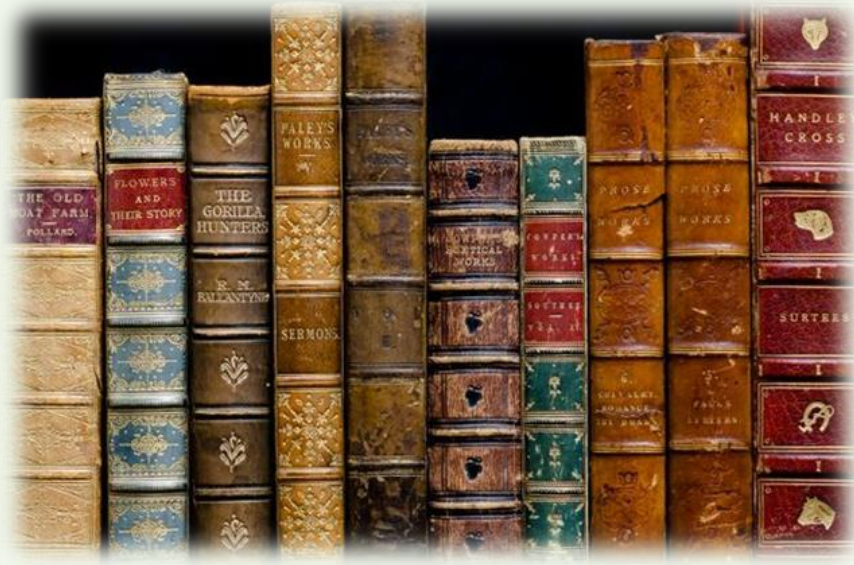
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